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EDITORIAL

As We See It

"This new proposal [of the Ford Motor Company to the UAW] was a sharp departure from the earlier positions taken by the company and for the first time indicated a willingness by the company to bargain on the guaranteed annual wage, which had been advanced by the union as a realistic step toward providing for the workers and their families security against the hazards and hardships of lay-offs and unemployment. . . .

"From the very beginning of these negotiations the union has made it clear that we are determined and inflexible with respect to our objective of achieving for Ford workers and their families security against the hazards and hardships of lay-offs and unemployment. At the same time the union has repeatedly stated that it is flexible with respect to the mechanics or the method by which we achieve this sound, justifiable and socially desirable objective. . . .

"The company has repeatedly stated that it is in agreement with the union's objective of providing greater protection for the workers and their families against the hazards and hardships of lay-offs and unemployment. . . .

"Both the union and the company share a heavy moral obligation in these negotiations."

These sentences extracted from a letter to the Ford Motor Company by the President of the United Auto Workers of America dated June 4, 1955, point up some of the basic issues argued in this particular case. These same issues either are actively under discussion in many other in-

Continued on page 40

What Do You Think?

More Commentaries on the Guaranteed Annual Wage

Additional letters received in response to the "Chronicle's" invitation for comment on the guaranteed annual wage philosophy published below. Issue of importance to industry as a whole, thereby underscoring the need for a thorough airing of the subject.

The economic implications of the guaranteed annual wage philosophy should be of interest to every one concerned with the desire to maintain business and employment at high levels. Certainly the subject is one that can hardly be said is the sole concern and responsibility of the automobile industry and its workers, despite current developments. Cognizance of the broader aspects of the doctrine prompted the "Chronicle" to elicit views and opinions of any one desiring to discuss the subject and its possible ramifications. The intial group of comments appeared in June 2 issue; additional ones are given herewith and others will be accommodated in subsequent issues.—EDITOR.

HERBERT ABRAHAM

Chairman, The Ruberoid Company

Herbert Abraham

In my opinion, you are quite right to regard this issue as one of "vital importance." There is no doubt that if a guaranteed annual wage for hourly workers were economically practical, its adoption by industry would result in many far-reaching benefits for all Americans. An assured yearly income would enable employees to plan their lives on a much more comfortable and sounder financial basis and would free them from the fear of hardships arising from lay-offs. Industry and all business would benefit from the steady markets established by the stability of consumer income and many of our most pressing sociological problems would be alleviated.

However, experience indicates that an annual wage cannot be guaranteed by companies whose annual production and sales

Continued on page 41

1955 Is Not 1929!

By THOMAS G. CAMPBELL

President, Thomas G. Campbell Co., Inc.
Financial Consultants, New York City

After presenting certain basic data indicating the changes witnessed in the national economy as recorded for the year 1953 in comparison with the year 1929, Mr. Campbell analyzes, item by item, statistical material which bears upon a comparison of these two years. Concludes, on the basis of his analysis, the 1955 Stock Market as it stands now price-wise will undoubtedly be controlled in the future by the decisions of millions of investors, and not, as in 1929, by speculators who looked for quick profits.

A Highly Illogical Comparison

For any intelligent Market Analyst, Wall-Street professional, investor, or even a politician, to draw a comparison on the basis of common denominators underlying our national economy and financial structure as it existed in 1929, with similar common denominators for the years 1953-1954, is beyond understanding. So many **dissimilarities**, rather than similarities prevailed, that a basic comparison becomes almost meaningless. Comparison of all factors for the year-1929 with 1953-1954 serves its own purpose, however. It presents the **answer** to the Stock Market of 1953-1955, as it should have been given to the Fulbright Committee during the recent Investigation.

Thomas G. Campbell

It is not our intent to over-burden the reader with a detailed review of these dissimilarities. However, it is important to call attention to specific statistics in order to stress the great changes registered in 1953-1954 as against 1929.

As a matter of common sense: Every housewife, every wage-earner realizes that the price of practically everything purchased today is two or more times that of 1929. That goes for the subway fare in New York City, which was raised to 15¢ from 5¢; a telephone call to 10¢

Continued on page 34

PICTURES IN THIS ISSUE—Candid shots taken at Annual Field Day of Bond Club of New York appear on pages 25-28; those taken at Annual Joint Spring Outing of San Francisco Security Traders Association and Security Traders Association of Los Angeles appear on pages 29-32 inclusive.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Cinerama Productions Corporation—Stephen J. Sanford, Manager Investors' Research Dept., Amott, Baker & Co., Inc., New York City. (Page 2)

Western Department Stores—James H. Zilka, Vice President, Zilka, Smither & Co., Inc., Portland, Ore. (Page 2)

STEPHEN J. SANFORD
Manager Investors' Research Dept.
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Cinerama Productions Corporation

A year ago in these columns we selected Reaction Motors as a stock offering opportunities for extensive capital gains. Adjusting for the 100% stock dividend paid last September, the advance in the last 12 months has been from 11 to the current level around 27, or approximately 150%.

Stephen J. Sanford

The whole market is considerably higher today, and outstanding bargains do not appear to be as plentiful. However, for people with venture capital, willing to assume all of the risks involved, Cinerama Productions, currently 4⅝ in the Over-the-Counter Market, appears to offer good possibilities.

The company's relatively short career has not been without vicissitudes, but brighter days are looming on the horizon, albeit that future motion picture theatre attendance is an unpredictable intangible. At best, it is necessary to assume that what has occurred in the immediate past will continue with only minor variations in the immediate future.

Furthermore, there has been considerable confusion on the part of the public between the subject company and Cinerama, Inc., a separate corporation, which licensed it originally as the sole producer and exhibitor of films using the cineramic process.

The organizers of the company were Lowell Thomas, Michael Todd and Frank Smith, and when incorporated in 1951 the corporate title was Thomas Todd Productions, Inc. The present title was adopted in March 1952. Louis B. Mayer is now the largest stockholder and also Chairman of the Board.

Cinerama Productions installed the equipment in the Warner Theatre, New York; Music Hall Detroit; Palace Theatre, Chicago; and Warner Theatre, Hollywood.

Installation costs plus pre-opening promotional expense average between $150-200,000 per theatre.

The company had a bank loan of $1,600,000 and therefore was hardly in a position to proceed with the installation of equipment in additional theatres. Consequently, it signed a contract with Stanley Warner Cinerama, a subsidiary of Stanley Warner Corporation, whereby that company succeeded Cinerama Productions as the exclusive producer and exhibitor for a five-year period, and after that retaining a non-exclusive license on a "most favored nations basis."

This contract permits Stanley Warner to install the equipment in at least 20 domestic theatres (excluding the four theatres originally equipped by Cinerama Productions). There are no limitations on the number of foreign theatres that may show the picture.

Under the terms of the contract, Stanley Warner and Cinerama Productions each take from the first four theatres 50% of the weekly "theatre operating profit," which is the figure remaining after "theatre operating costs" are deducted. In round figures, these expenses usually absorb between 45-50% of the capacity box-office receipts. Stanley Warner takes 100% of the profits from the other 11 theatres to apply toward recoupment of costs as explained below.

However, 42% of Cinerama's 50% share has been directed toward liquidation of the company's bank loan, and the final payment is expected to be made this month.

Thereupon, this 42% is added to Stanley Warner's share until that company has recouped the production cost, plus a bonus for making the second picture "Cinerama Holiday," for an approximate $3 million total.

Cinerama Productions continues to receive the remaining 8% for current running expenses. Providing attendance at the two pictures ("This Is Cinerama," the first picture, is still showing in many cities) holds up, Stanley Warner should recover the $3 million total by the end of the year. Immediately thereafter, 50%, in contrast to the present 8%, of weekly operating profits will begin to accrue to earnings of the company under discussion.

In addition to its 14 domestic showings, "This is Cinerama" or "Cinerama Holiday" is currently being shown in Montreal, London, Milan, Paris, Osaka and Tokyo, with openings scheduled also for Rome and Dusseldorf. The profit division for these showings is still in a negotiation stage, but it appears probable that it may not differ materially from that applicable in the domestic theatres.

Lowell Thomas has completed shooting a third picture—"Seven Wonders of the World"—but this production will probably not be released before late next year.

According to "Variety," a theatrical weekly, negotiations are underway with a "major studio" for making a fourth picture using this new wide-screen process.

This is reassuring, since it takes the pictures out of the "freak attraction" class that lure curiosity seekers once only, and seldom again. The company has approximately 1,012,000 shares of common stock outstanding. Ahead of these are $311,000 of class B and C debentures. These were all originally scheduled to mature July 1, 1955, but many holders have agreed to a one-year extension. A small bank loan will suffice to pay off the rest. The Class A debentures of $600,000 were retired by company's cash plus a $200,000 loan guaranteed by Louis B. Mayer.

As we stated early in this article, future attendance is unpredictable. It is worth noting, however, that "This Is Cinerama" ran continuously in New York City from September, 1952, until February, 1955. A 97-week run in Chicago is ending this month. That is evidence of the staying power of the picture in different sections of the country. Even in smaller cities such as Pittsburgh, Cincinnati and Minneapolis, the length of the runs has astounded the critics.

With the heaviest capital expenditures behind it, with foreign acceptance of the first picture repeating its domestic success, with burdensome bank loans practically liquidated, Cinerama Productions at long last stands on the threshold of being in a position for the first time to demonstrate its true earning power, and since operating costs of the corporation are relatively low, a large proportion of these earnings should be passed on to the common stockholders.

The stock is a gamble, but it appears an unusually attractive calculated risk.

JAMES H. ZILKA
Vice-President,
Zilka, Smither & Co., Inc.,
Portland, Oregon

Western Department Stores

Perhaps a favorite security is something like a well-liked, well-used pair of shoes; it seems to fit so well in so many places and at all times that you just can't stand the thought of changing. The way I feel about Western Department Stores is that here is a stock that doesn't seem to fluctuate so far downward that I have to apologize for it, nor does it go so far up in price that I find it hard to sell. The income is regular enough so that the income buyer can justify having it in his account. The current sales price is far enough below present book value so that the value buyer can enjoy owning it. The earnings are great enough over the dividend requirements that it appears that there is a reasonable growth factor in the stock. When you take these items and combine with them the fact that this is a merchandising stock in the department store field covering a large part of the West Coast, which has gotten the reputation of being a growth area, then you have a pretty desirable looking security. Not only do the stores of this chain cover many of the large areas of the Pacific Coast, but their stores sell merchandise to a very broad class of people in these areas. Their stores feature all types of department store sales, but tend toward "middle-of-the-road" quality merchandise. They hit the middle 80% of the buying public, which seems to be the main support for retail sales.

James H. Zilka

Western Department Stores owns and operates Kahn Department Store in Oakland, Calif.; Olds & King Department Store in Portland, Ore., and Rhodes Bros. in Tacoma, Wash. There is a brand new store just opened in a big shopping area in Sacramento, Calif., and a proposed new store on the East Side in Portland, Ore. Recent improvements to properties include new escalators and elevators in the Portland store and the Oakland store, also, a new building for the Tacoma store was occupied in September of 1949, adjoining floors in an annex building to be modernized. Company plans construction or remodeling of sales areas in all stores.

The capitalization of Western Department Stores consists of 686,128 shares of common stock, which is the entire capitalization—no bonds and no preferreds. The earnings in 1954 were $1.60 per share which was in line with

Continued on page 5

Germany's Arming—Disarming Europe?

By MELCHIOR PALYI

Dr. Palyi maintains our so-called success in arming Germans actually puts them in bargaining position with Russia tending to result in NATO's destruction. Cites probability of Four Power Conference drifting toward direction of broad neutralization and reduction of Western armaments. Concludes while defeat of our European policies entails some advantages, as concentration on nuclear arming, these will be offset by the disadvantage of giving a free hand in the East to the Soviet bloc—psychologically as well as militarily.

One consequence of the European agreement on rearming Germany stands out: to maintain the military imbalance on the Continent, Russia proceeds to mobilize the Satellites. This is being pooh-poohed in America by two arguments. The Satellites are already armed, the one says. The other insists that they are worthless as allies to the Soviets since their national feelings and traditions are opposed to being dominated by Moscow. Note at once that the two arguments contradict each other. Besides, Moscow is not in the habit of putting guns into hands it considers unreliable.

Dr. Melchior Palyi

But the Satellites will cease to be "unreliable" if they have been until now. German arms take care of that. Poles and Czechs hate and fear them. In fact once the Federal Republic is a military power, its objective *must* be to recover the lost territories, including those now within the boundaries of Poland and Czechoslovakia, the last thing the latter are willing to concede. The present boundaries have never been recognized *de jure* by any peace treaty. Even if they were formally legalized, "the German nation must be expected to remain entirely unreconciled to the present *de facto* frontiers and ethnographic demarcation lines in Central Europe," and to "the fundamental illegality of expulsions" from the detached areas, as a British expert on international affairs, G. F. Hudson, pointed out recently.

Germany in NATO?

That brings up a crucial aspect of Germany's remilitarization. There is nothing to worry about, we are told; she will have no freedom of military action. Being fused into the inter-Allied military organization, she will have neither an independent command nor the ultra-modern weapons. Her army will be forced to be "European." It could not venture into war-like projects, being hamstrung by NATO. And NATO will be stronger than ever: the French and the rest will stop cutting back their own armaments in order not to fall behind the Germans. (France has just shifted the equivalent of two divisions, plus American equipment, to Africa.)

By the same token, does not the reverse hold, also: that NATO—and, thereby, the U. S. as well—will be hamstrung by Germany? She will represent the strongest and most exposed single factor in the European set-up. As such, she will command an influence as does no other Continental member. In any case, nothing can be done without her consent. What is still more important: limited as her freedom of military action may be, who or what can limit her diplomatic freedom? The use she is likely to make of the bargaining power, bestowed on her by our own policy, should be patent.

One has only to visualize her position after having rearmed (three or four years hence). The German army will be the Number One ingredient of the mobile forces with the double function: to hold up an advancing Russian army at or before the Rhine, and to spearhead the eventual advance of Allied forces. Both functions would be stymied if Germany were to declare an *ohne uns* (without us), the most popular slogan in the present-day Federal Republic. That is the inherent position that creates her bargaining power: the lost lands are the price Russia may be willing to pay—in advance. If so, the Germans will not even have to break any treaty obligation; their obligations to NATO are automatically voided if their country is re-united.

Our "success" in putting them in uniforms provides *them* with a bargaining position vis-a-vis Russia that tends to result in the destruction of NATO. Which is what the unification of Germany — at the price of neutralization—would mean, to be followed undoubtedly by the neutralization of Denmark and Norway, probably also of Italy and others. Tito is already, for all practical purposes, in Nehru's "neutral" camp. The desire to join is shared by a pacifistic majority in most European and Asiatic countries. (In the classic words of Labor leader Shinwell: "No one desires peace with Russia at any price, but we are resolved to avoid war at whatever cost.") And, any further retreat

Continued on page 20

INDEX

Articles and News — Page

1955 Is Not 1929!—Thomas G. Campbell .... Cover

More Commentaries on the Guaranteed Annual Wage (Letters to Editor) .... Cover

Germany's Arming: Disarming Europe?—Melchior Palyi 3

Oil's Bright Future—M. J. Rathbone 4

You Are in It—Ira U. Cobleigh 5

The Economic Outlook—W. W. Townsend 6

How Dangerous Is the Present Mortgage Situation? —Claude L. Benner 7

What's Ahead for Business?—Dexter M. Keczer 9

Let's Repeal the Silver Purchase Laws!—Donald J. Ramsey 10

The Economic Aspects of the Cold War—Herbert Hoover, Jr. 11

Factors Leading to Restoration of the Gold Standard —Robert W. Dorsey 12

More About the SEC's Proxy Rules—J. Sinclair Armstrong 13

Role of Government in Our Expanding Economy —Douglas McKay 14

Economic Freedom Should Include Individual Freedom —Walter H. Wheeler, Jr. 14

Credit Policies of American Banks in Financing Foreign Transactions—A. M. Strong 15

The American Economy During the Next Ten Years —Leo Fishman 16

The Rise in Family Income—Roger W. Babson 17

* * * *

Municipal Bond Club of New York Guest List 10

Well Considered and Well Said! (Box) 33

Norman Strunk Sees Credit Stringency Reducing Housing Starts 39

Politicians, Take Heed! (Box) 39

Regular Features

As We See It (Editorial) .... Cover

Bank and Insurance Stocks 23

Business Man's Bookshelf 56

Coming Events in the Investment Field 8

Dealer-Broker Investment Recommendations 8

Einzig: "Sterling Convertibility and the British Election Result" 19

From Washington Ahead of the News—Carlisle Bargeron 12

Indications of Current Business Activity 44

Mutual Funds 46

NSTA Notes 8

News About Banks and Bankers 18

Observations—A. Wilfred May 4

Our Reporter on Governments 24

Our Reporter's Report 47

Public Utility Securities 17

Railroad Securities 24

Securities Now in Registration 48

Prospective Security Offerings 53

Securities Salesman's Corner 39

The Market . . . and You—By Wallace Streete 16

The Security I Like Best 2

The State of Trade and Industry 6

Washington and You 56

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Oil's Bright Future

By M. J. RATHBONE*
President, Standard Oil Company (N. J.)

Leading oil company executive points out that as a result of oil discoveries in other parts of the world since World War II the United States, once a principal exporter, has now become a net oil importer and is likely to continue in that status. Expects domestic energy consumption to grow by 63% between now and 1975, with use of oil increasing from present 8.2 million barrels daily to 13.3 millions. Holds natural gas will lose some position after 1960 due to depletion of reserves and price rise, with coal demand slowly rising by 1975 to the same level of some 500 million tons which obtained directly after the war. On basis of supply and demand factors, concludes "we need never fear" oil industry does not have a bright future.

The oil industry, as you know, is an industry of world-wide scope, complex and dynamic. Practically speaking, it touches the lives of every one in a very important way. And this impact of oil on peoples' welfare is increasing steadily throughout the world. The use of oil, both in total volume and on a per capita basis, increases year after year. We need only to visualize the situation, which would exist if oil were not available to us, to realize its importance. Even a shortage in supply of only a few percent leads to a crisis in a country as heavily dependent on oil as is the U. S.

M. J. Rathbone

This essentiality of oil, coupled with the facts that petroleum is a depletable natural resource and that major oil deposits in the world are relatively few in number, clothes the oil industry with unusual significance and presents it with unusual problems. Through some quirk, most of the known oil reserves in the world are geographically located in largely underdeveloped countries, far from the main consuming areas. The U. S. is the outstanding exception to this generalization. Thus oil must generally move in international commerce and the industry faces many political and social as well as economic problems. The countries that **have** oil want to capitalize on their good fortune to the maximum; and the countries that **have not** oil are very anxious to insure its ready availability to them at minimum cost. It is easy to see the complications which arise.

*An address by Mr. Rathbone at the School of Banking of the South, Baton Rouge, La., June 7, 1955.

Increase in Demand

Furthermore, the situation is never static. Demand for oil in old established uses has never stabilized but constantly increases everywhere. New uses are constantly arising. The dieselization of our railroads is largely a post-war development. Jet airplane fuel was unheard of 10 years ago. Synthetic rubber is a war development; and the manufacture of alcohols, ethers, plastics, detergents, fibers, fertilizers and all the other petro-chemicals are new industries based on oil. Old oil fields play out, and new ones are found in different places. New refining processes make old ones obsolete, and today's gasoline is no more like the gasoline of World War I than cream is like skim milk.

Laws and political climates which affect the oil industry change too. Actually, these changes present us with our most difficult problems. In fact, I think that there are two things of which 34 years experience in the oil business have convinced me: first, that there will be more demand for oil and more new uses for oil year after year as far as we can see ahead; and, second, that the conditions under which the oil industry will find, produce, refine and market this oil will be different from what they are today. So far the industry has been able to meet and cope with these changes successfully, year after year. Under a free-enterprise system, I see no reason why we cannot continue to do so indefinitely.

World Oil Picture

The changes which have occurred in the world oil picture in the last 10 years are so important and so interesting I should like to take a few minutes to describe them to you.

When World War II came to an end, most European nations and some of those in Asia faced a tremendous task of rebuilding. Doing the job boiled down largely to a question of energy supply. In many of the countries concerned, coal, which was either mined domestically or imported from nearby neighbors, had traditionally furnished most of the energy required for industrial power, transportation and heating. But as the result of war, many of the mines were not in working order. In some places thin seams of coal and lack of machinery and unfamiliarity with modern techniques made the cost of this fuel extremely high. Manpower was short also in many places. Countries began to turn to oil to obtain the energy needed to rebuild their cities and their economies.

In both Europe and Asia outside the Iron Curtain, however, domestic oil production either did not exist or was at a very low level. The countries in these regions had to import the oil they needed and, to do so, they required foreign exchange to pay for their oil purchases.

Here was a dilemma which is well known to you in the banking world. The countries which needed oil not only had very little foreign exchange, but their means for earning more were seriously curtailed. To earn foreign exchange they had to export—but their industries which would supply goods for export had been gravely damaged by war. To rebuild the industries they needed oil—but they could only get this if they had the money to buy it.

Substantial loans and grants by our government did much to break the road-block and make available to the countries in question the liquid energy on which their recovery is based. But, in addition, many unusual trade arrangements were worked out by the oil companies to help solve this problem. Generally speaking, we do not like barter arrangements. But an oil company operating all around the world, and needing all sorts of supplies, can develop multilateral trade arrangements in many different commodities in many different countries, and finally wind up by getting oil to a soft-currency country and profits back to the U. S. in dollars

Continued on page 21

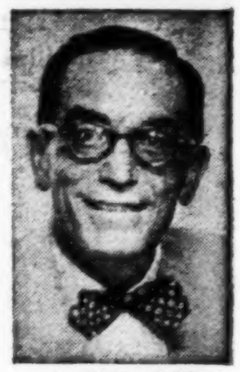
Observations . . .

By A. WILFRED MAY

UNFINISHED FULBRIGHT BUSINESS

Of the 10 specific subjects to be explored in the resumption of the "Fulbright Hearings," none is more timely or important than *Proxy Regulation.*

To the arousal of the public's interest (if sometimes as in prizefights) proxy contesting lately has been "getting hot." Highlighted by the New York Central, New Haven, and Montgomery Ward embroglios, the increasing proxy tension is evidenced by the fact that the value of listed common stocks of corporations in which proxy contests have occurred has risen from $414 million in 1954 to $650 million thus far in 1955.



A. Wilfred May

On the serious and constructive side, proxy regulation has incited the one definite legislative proposal contained in the Committee's minority report via the bill (S. 879) introduced by Senator Capehart. Senator Fulbright's Bill (S. 2454), promulgated a fortnight ago, would subject all companies with assets of $5 million and 500 shareholders, to the *proxy* as well as reporting provisions of the Securities and Exchange Act.

Senator Capehart's bill, now being considered by a sub-committee under the Chairmanship of Senator Lehman, would require disclosure of the beneficial or actual owners of stocks in a contest, and registration with the SEC of persons owning 5% or more of a company's stock.

The Committee's Report referring to the proposal, broadly concludes: "This question, together with the whole subject of modern methods of corporate control, and effective corporate democracy through the exercise of the right to vote, share in importance."

A number of questions about both principles and procedure have been highlighted by the recent contests. There is the abuse inherent in the acquisition of a minority interest that is motivated by the sole purpose of initiating a fight for control. There is the habitual possibility of generally promoting discord for a profit.

Then there is the question of what responsibility for participation, at least in voting, devolves on the managers of other people's money; the mutual funds, pension funds and other fiduciaries.

Also there is the crucial question of expense involved in a contest. The enormous outlay devolving on the challenger, without any assurance of reimbursement, by itself tends to confine active dissenting action to a type of person who can foot the big bill as his important qualification. **How else finance the legitimate challenge?**

The following solution to the expense problem might be considered:—That management get reimbursed only to the extent of its normal solicitation outlay (with previous years as the yardstick), unless it comes out victorious; with the opposition getting reimbursed if it is successfull in obtaining as much as 30% of the vote cast. Other changes might encompass clarification of the SEC rules. Despite the five major revisions in rules that have been made since their adoption in 1935, major doubt is in order regarding the functioning and role of the SEC, to whom complete power was delegated under the Securities Exchange Act.

Measures could include exact definition of the actual beginning of a contest so that both sides could know when they become subjected to Commission rulings. Also restraint on management's exploitation of company employees. Also restriction on post-election redistribution of cumulative votes among a slate's candidates, irrespective of the intent of the respective voter—an anti-democratic practice. Also enlargement of the SEC's staff dealing with proxy supervision, to accelerate and clarify the Commission's administration.

These and other phases of proxy procedure will be brought to light at the sub-committee's forthcoming hearings—to the enhancement of the achievement ultimately recorded by the entire Fulbright "Study"!

You Are In It

By IRA U. COBLEIGH
Enterprise Economist

A broad screen appraisal of the fabulous Todd-AO cinematic process; the tingling audience participation it generates; and the new horizons of profits it may create for shareholders in certain companies.

This is a prophetic preview. On Sept. 5 next, there will open at the Rivoli Theater in New York the premiere public showing of "Oklahoma," that incredibly successful musical by Rogers and Hammerstein. It will bring to moviegoers such perfection of sound and song; such fidelity and naturalness of picture and color; and such a breath-taking three-dimensional sense of reality as has never before been photographically achieved. You are not a spectator at "Oklahoma!" *You are in it!* When Gordon McRae sings "Oh, What A Beautiful Morning," you are right in that cornfield. Where the "corn is as high as an elephant's eye" you're close enough to pat the elephant! It's that real! You are not a movie patron—you're a participant.

Ira U. Cobleigh

This premiere seems destined to prove sensational. It will be greeted by raves at the Rivoli, and waves of enthusiasm as it is later shown at feature playhouses throughout the land. And all because "Oklahoma!" is rolled out in the Cadillac of broad dimensional cinematics—the vibrant and vivid Todd-AO process which we shall briefly describe for you.

You've all seen films done in the contemporary 3D techniques —CinemaScope, VistaVision and Cinerama. The Todd-AO is a broad advance over any and all of these; and without their defects. Of the foregoing, by all odds the most lifelike is Cinerama. Yet to achieve its effects, three separate cameras are required, three films, and, in display, three separate projectors. Further, on the broad arc theater screen, the lines where the films join are faintly and fuzzily visible. Moreover, the sound has a tendency to blare, and to be distorted.

The Todd-AO Process

The Todd-AO process corrects all this. First, the film is 65mm wide, instead of the usual 35mm, making possible a larger picture frame. The film runs at 30 frames per second, instead of the traditional 24, creating better panoramic quality and eliminating jerkiness in swift action shots. Most important of all, the Todd-AO process needs but one camera, one film, and one projection booth. All these fine technical advancements did not just happen. They were the result of one of the most unique talent parlays in the whole history of the Cinema.

We start with the limitless energy and perfectionist ideas of Michael Todd, who sought the ultimate in fidelity of sound, image and color. He, quite literally, impleaded Dr. Brian O'Brien, stellar scientist, and Veep at American Optical Company, to create a single one-film projection system equally good at close ups and panoramas; and with a six-track sound element. American Optical, and some 100 of its top-flight technicians went to work; and the resulting process is appropriately enough, named Todd-AO. The Todd is for Michael Todd, and the AO for American Optical. Add to this background Rogers and Hammerstein who became enthused and then financially interested; Arthur Hornblow, Jr., who was selected to produce "Oklahoma!"; Fred Zinneman ("From Here to Eternity"), chosen to direct it, and you perceive quite a hunk of arrayed talent.

And for important backers of Todd-AO, there were George Skouras, Joseph M. Schenck, and, on the banking side, Marine Midland Trust Co., Bank of America, Kuhn Loeb & Co., and Allen & Co. You can't say this enterprise lacked top echelon sponsorship. It was loaded with it!

Now let's put some of the financial pieces together.

Who owns what? What publicly held companies give the best profit participation opportunities in this exciting new process for wide angled motion picture production and projection? Let's start with Todd-AO Corporation. It was created to sell projection equipment to theaters and to license patented equipment to picture producers. It also receives 5¢ per admission for U. S. film exhibitions, and 3½% of foreign admissions. Of shares in Todd-AO Corp., 50% of the "A" (voting) stock is held by Magna Theatre Corporation and 50% by American Optical Co.; and of the "B" shares, 62½% is held by Magna and 37½% by American Optical Co. While American Optical Co. (common 46 on NYSE, pays $2) will share in Todd-AO success, it is our belief that Magna Theatre Corp. is in a position to profit more dynamically. So let's talk about Magna.

Magna Theatre Corp.

Magna Theatre Corp. (formerly The Michael Todd Co., Inc.) was created in 1952 to develop the Todd-AO process, and to produce and distribute pictures under it. The first picture acquired was "Oklahoma!" and, after earlier financing, in 1954, there were issued $6,000,000 Magna Theatre Corp. debentures (with stock purchase warrants) to provide the production money for "Oklahoma." This sensational picture (shot mostly in Arizona as there are now so many oil derricks in Oklahoma as to alter drastically the original native scenery) is now complete. It is hoped that the profits from it will, in due course, retire the debentures, leaving outstanding only 12,500 shares of preferred, and the existing 2,200,000 shares of common, new quoted over the counter at 14.

Now what are the revenues (apart from Todd-AO) flowing to Magna? Well, they include 60% of the net profits from "Oklahoma" for 10 years (with option for 3 more years) and 20% thereafter. Rogers and Hammerstein Pictures, Inc. gets the balance. In addition, Magna has an understanding with Messrs. Rogers and Hammerstein II for picture production of other joint properties of theirs — "South Pacific," now definitely contracted for, and "Carousel," etc. (excluding "The King and I," contracted to Fox but participated in by Todd-AO).

Not only is Magna in a position to glean large revenues from these, but from such others as "War and Peace" and "Eighty Days Around the World," scheduled for production by The Michael Todd Company, formed within the past year.

Let's move on. We've referred to American Optical, described Todd-AO Corp., and delineated Magna Theatre Corporation.

United Artists Theatre Circuit, Inc.

But who has the inside track on theater presentation? It looks like United Artists Theatre Circuit, Inc., proprietor of the "Rivoli," where "Oklahoma!" will premiere. UATC is an enterprise owning, controlling or leasing some 350 playhouses throughout the U. S. Of these, at least six will shortly be equipped for the "Oklahoma!" showing and many others are likely to gain resurgence of earning power from outlet contracts with Magna. For you see, United Artists Theatre Circuit is no outsider in this deal. Combined holdings of UATC and its subsidiary (50% owned) United California Theatres, Inc., will (on exercise of all warrants and options) amount to 708,560 common shares or about 30% of the issued common of Magna Theatre Corporation, aforementioned. This slice of production and distribution profits, involving a sizable equity in Todd-AO, and the improving earnings vistas of 350 managed theatres gives a lot of potential market wallop to the 1,000,000 shares of UATC common, preceded by $614,000 in preferred and less than $4,000,000 in debt. The common sells at about 17 and may well be considered as a broad, across-the-board representation in the Todd-AO process and the productions filmed under it.

Quite candidly, there have been a number of advance, informal showings of the process, in selected reels from "Oklahoma!" Spectators at these intimate previews have become enthralled. And these previewers were from among the jaundiced, hard bitten "pros" in the theatre trade. You would expect such sophisticates to be thrilled only by talking giraffes, or tap dancing octupuses!

Only last week Mr. H. S. Woodbridge, Vice-President of American Optical, and President of Todd-AO, stated, at a luncheon of The Security Analysts Society, that a MGM official gave "Oklahoma!" a better rating than any picture produced in the past two years; and considered the Todd-AO process as definitely superior to CinemaScope. Well, if the blase, the urbane, the super sophisticates of the cinema come away from "Oklahoma" limp and ecstatic, what shall we expect of George Spelvin? He will rave, he will gurgle, he will exclaim—because he is no longer a remote show spectator—*he is in it!* And it would not be incredible if his enthusiasm impelled him to become a stockholder in one of the companies we have outlined. This startling new process may be the answer to the theatre box office problem; and it makes TV movies, pay-as-you-go or otherwise, assume a gas-lit nicolodeon hue!

Joseph Mayr Branch

WASHINGTON, D. C.—Joseph Mayr & Company has opened a branch office at 1624 Eye Street under the direction of Stephen E. Balough.

First Secs. Co. in Dallas

DALLAS, Tex.—First Securities Company has been formed with offices in the Praetorian Building to conduct a securities business. Hubert A. Howell is a principal of the firm.

Continued from page 2

The Security I Like Best

previous years' earnings, such as: 1953, $1.65; 1952, $1.52. The dividend is 80 cents per share and has been on this rate since 1948. The current price of the stock on the San Francisco Stock Exchange is approximately $13. The last four years' range has been approximately $9 to $13. The book value is currently approximately $15.56 per share.

Western Department Stores has approximately 1,000 stockholders and also approximately 1,000 employees. The stock is well distributed through California, through Oregon and Washington. It is held in comparatively strong hands and does not seem to be subject to severe fluctuations in market movement based on the last few years' experience.

Western Department Stores has a very desirable record of constant net sales which have run approximately $25 million from 1947 through 1954. It has run as high as $27 million and as low as $25 million. The cost of sales has also stayed in line all through this trying period. From 1947 the cost of sales has been running $17 million and by 1954 had been reduced to $16 million. Other general administrative expenses have been running approximately $6.2 million in 1947 to $7.7 million in 1954. This seems to be a comparatively constant figure. These figures would indicate good management taking advantage of a good market.

The Economic Outlook

By W. W. TOWNSEND*

President, Townsend-Skinner & Co., Inc.

Granting that current business statistics are all optimistic, Mr. Townsend points out that loans are sustaining but not stimulating business, that we are overproducing both automobiles and houses, that demolitions are essential to housing demand, that personal debt is at an all-time high and that saving is on the decline. Concedes that all these warning signals apply with greater force to the nation as a whole than to the Pacific Northwest and the Midwest.

As far as the easily visible statistics are concerned, the economic outlook has never been any brighter and I would be belaboring the obvious if I were to recite the figures regarding Gross National Product, factory output, carloadings, employment, wages, hours, national income, personal income, disposable income and all the other statistics with which the newspapers are filled these days. Suppose we take it for granted that the immediate outlook for business is excellent and start looking for the possibility that some small dark cloud on the horizon may blow into a storm, not necessarily with the idea that the discussion will involve an actual prediction but because dangers clearly anticipated are always about three-quarters averted, just as problems properly analyzed are always about three-quarters answered.

W. W. Townsend

There are several such situations which are quite apparent, on examination. The first of these is the fact that borrowing by business, which is always undertaken to stimulate business, is sustaining but is no longer stimulating business. Therefore, it is not performing its proper function and is relatively unprofitable. It takes the average businessman quite a little time to realize that this situation is general. He knows it is happening to him but he considers himself the exception rather than the rule. Ultimately, of course, it is brought home to him that he is a part of the rule itself and then he changes his course of action.

This ratio between total spending and the sum total of all borrowing, with the exception of loans made to carry securities, has been declining steadily for the past three months and, interestingly enough, it correlates a little more accurately with the stock market than it does with business volume. Therefore, it would be reasonable to assume that if this condition continues, the next movement of major consequence in the stock market might be downward. These basic movements we might call the prevailing winds, of which the sailor can always take advantage either by running before them or tacking into them. We had such a prevailing wind develop in the summer of 1953. It kept on steadily, carrying the stock market up with it until quite recently. There is no prevailing wind at the present time and the stock market is being blown about by gusts. It looks as though the next prevailing wind would be a downdraft. It is not an imminent development but something to be watched and something against which provision might be made in the interests of sound management.

Tendency to Overbuild

Another element of danger proceeds from the national habit of overdoing everything we undertake. By comparison with any previous year, we are building too many automobiles and too many houses. In the case of the automobiles, the manufacturers have been stocking up in anticipation of a strike. If it occurs, he will have plenty of cars to sell but the workmen will get no wages. If it does not occur, the workmen's wages will continue but the dealers will have more cars than they can easily dispose of. Either situation could involve a serious disturbance and, at present rates of production, there seems to be no third choice. One of the two is bound to happen.

The situation with respect to housing concerns this group vitally and warrants some more extended discussion than that with respect to automobiles. We are building homes at the present time at the rate of about 1.4 million per annum. Households are being formed at the rate of about 600,000 per annum, according to the best estimates. These estimates have been seriously questioned as involving samples which are too small, but most of those who discuss new household formations do not realize that new households and new families are not the same thing. The growth of this particular phenomenon is fairly recent. New households averaged about 600,000 per annum in the seven years between 1940 and 1947 and married couples comprised about 95% of the total. During the years from 1947 to 1950 new households averaged about 1.5 million per annum, of which married couples represented about 80%. Between 1950 and 1954 new households have averaged about 830,000 per annum but married couples represented about 60% of the total.

These households other than married couples represent widows, divorced couples, bachelor women — singly or in groups — young businessmen waiting for good salaries to get better—also singly or in groups—and the collective occupancy of housing by any other group of unrelated individuals. Our experience with this type of household is recent and there is no way, apparently, to determine whether it is a transitory phenomenon which will run its course and subside to small dimensions or whether it is a situation which will grow and develop. It is contributing very substantially to the demand for new housing at the present time and this may continue. In fact, it is reasonable to assume that we might be able to build better than a million new housing units per annum in the next three or four years, by which time the new family formation, which is the more stable and dependable element of housing demand, could begin to increase. The problem is not likely to become acute in the case of the new home. The individual's desire to improve his own standard of living should take care of that item but unless something is done to insure the ready disposal of the homes already occupied, out of which the new home buyer is moving, we could have all kinds of trouble and it wouldn't take too long to start.

Another Housing Facet

That suggests one other thing which must be borne in mind in respect to housing. The automobile progresses from the raw materials to the finished product, changing ownership any number of times—directly or indirectly—at a profit to everyone involved in the contribution of materials or skill. That same automobile begins an equally inexorable program of regression from the first owner to the junkyard, changing hands, in all probability, many times, always at a lower price, until it gets back to the basis of the raw material out of which another car may be constructed. Any log-jam which develops in the process of either progression or regression can cause trouble.

The same thing is true of housing, although not so obviously and one of the interesting thoughts presented by Dr. Gordon McKinley, of the Prudential Insurance Company, in a talk he gave to the Mutual Savings Bankers not long

Continued on page 20

*Abstract of a talk by Mr. Townsend before the Pacific Northwest Conference of Savings and Loan Associations at Sun Valley, Idaho, June 4, 1955.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

The trend of industrial production for the country as a whole continued to edge slightly lower in the period ended on Wednesday of last week, but notwithstanding this decline, total output registered a gain over the like week of last year of approximately 12 percent.

Decreased claims for unemployment insurance payments again reflected the nation's healthy economic activity. The total of idle workers drawing unemployment compensation fell by 42,000 to 1,255,200 in the week ended May 21, the United States Department of labor reports.

All but five states reported decreases in their jobless rolls over the week, the agency said. A year earlier, the idle numbered 2,078,700.

In the following week, ended May 28, new claims for jobless pay edged up by 5,300 to 198,300, the agency stated. A year earlier, new claims, which reflect layoffs, came to 279,900. The West Coast truck dispute was one reason for the rise in new claims, the Department explained.

Personal income reached a further new high in April as factory payrolls continued the upswing which got under way last November. Income receipts of individuals mounted to a yearly rate of $295,600,000,000. That's $1,000,000,000 above the previous record, set in March. It's $11,200,000,000 above the pace in April, 1954. For the first four months, personal income ran at $293,-000,000,000 annually, or 3% above the year earlier level.

The auto settlement removes one big hazard to the steel boom. But it also means that steel labor negotiations will be a lot tougher than expected. The United Steel Workers are on the scent of a healthy wage boost comparable to the best in its history, states "The Iron Age," national metalworking weekly, this week.

Scattered strikes in automotive plans prior to the settlement were not enough to affect the steel market. The curtailments postponed but did not lessen automotive steel requirements.

In fact, the car producers are seriously worried over their steel needs for 1956 models. Their inventories are low and the model change-over will be completed with scarcely a halt in production. They are maintaining pressure on steel companies to have the steel on hand when they need it, "The Iron Age" reports.

The auto companies realize they are in a tough competitive race with one another and with other industries for a share of the available steel.

As a result, continues this trade paper, it begins to look like the fourth quarter steel production has a better than even chance of hitting an all-time high. The 1953 record of 111,600,000 tons could easily be toppled. Third quarter production will ease a little due to hot weather, vacation and maintenance problems.

Steel labor talked softly but carried a big stick when it entered negotiations this week. The generous settlement in the automotive industry on top of steel industry prosperity puts the union in its best bargaining position in years, comments this trade authority.

Some industry leaders are privately revising their earlier estimates that the steel wage settlement would be around 10 cents an hour. The betting now is a few cents higher. Steel negotiations are limited this year to wage rates.

Meanwhile, the pressure for more steel continues to mount. Incoming orders are still running in excess of capacity. Consumers generally are thinking in terms of the fourth quarter. The third quarter is spoken for in most products and some of this tonnage will spill over into the final period, concludes "The Iron Age."

In the automotive industry last week United States car and truck building, crippled by walkouts and Memorial Day observances ebbed to the lowest point of 1955.

"Ward's Automotive Reports" estimates the week's combined car and truck output at 159,017 units, or 20% less than the previous week's turnout of 198,182 units, itself a seven-week low.

Biggest slump was in car building, pegged at 132,774 units, which is 21% below volume in the prior week. Truck producers will construct 26,243 units, 15% less than the May 23-28 yield of 30,727 units.

Hardest hit by wildcat strikes was Ford Motor Co. which had five plants hampered by unauthorized walkouts as tension along the labor front mounted. The stoppages dumped the company's anticipated output nearly 10,000 units fewer than the previous week's yield of 47,010 units.

Elsewhere, the West Coast truckers' strike downed Chrysler Corp.'s Los Angeles plant and Dodge Detroit car-programming called for only three-day operations.

Across the border, Canadian car-truck building, estimated at 13,804 units, jumped 18% over the previous week's count of 11,657 units when Victoria Day celebrations cropped output.

According to the statistical agency, United States year-to-date vehicle construction by week's end will reach an estimated 4,252,554 units, a strong 40% ahead of the comparable 1954 period when production had just capped the 3,000,000 unit point.

Cars alone, pegged at 3,709,741 units, will be a strong 46% ahead of the year-ago stage and truck erecting, figured at 542,813 units, is up 12%. Until five weeks ago, truck construction lagged.

Steel Output Set at a Higher Rate This Week

With the continuance of steel output at its present rate for the rest of June, the first half of the year will approach record proportions, states "Steel," the metalworking weekly, the current week. The record for a first half was 57.9 million net tons of steel for ingots and castings in 1953.

Production in the first half of 1955 should not miss that mark by much, says this trade journal. Output in the first four months was 37,100,000 tons, the American Iron & Steel Institute reported.

Continued on page 45

How Dangerous Is the Present Mortgage Situation?

By CLAUDE L. BENNER*
President, Continental American Life Insurance Co., Wilmington, Del.

Stating we are building over twice the number of housing units relative to new family formation, prominent life insurance company executive urges lending institutions survey carefully the current mortgage loan situation. Says while we are not overbuilt, the present rate of home building is excessive and cannot long be maintained without causing trouble, undermining real estate values and increasing foreclosures. Cites increasing selectivity by private lenders in mortgage making, and notes that VA loans are currently selling at a discount in many communities, while a gradual increase has taken place in interest rates on conventional loans. Says demoralized real estate market which began about 1930 was the result of building too many houses in relation to family income, adding that "we did during the four years, 1925 1929, in this respect exactly what we are doing today."

At a time like the present when we are building over twice as many new housing units as there are new family formations, and when the total amount of mortgage debt has been increasing rapidly for over a decade, and when on the average the mortgagor's equity in his house is becoming less and less, it behooves those of us who are trustees for other people's money to survey carefully the mortgage loan situation if we continue to invest such a large portion of our funds in mortgage loans as we have been doing in the recent past.


Claude L. Benner

We are now in the tenth year of a building boom. Never before has the upward movement in a real estate cycle lasted so long. Throughout the cycle construction costs have risen year by year until today they stand at an all-time high, about 300% over what they were in the mid-thirties and about 70% over what they were so recently as 1947. Yet these rising costs, while they have no doubt changed the size of the house and cheapened the materials out of which it is built, have apparently not retarded the number of new houses, because right at the moment we are building or planning to build more new housing units than in any previous year in our entire history.

Many factors no doubt have been responsible for this building boom. But I think that it is generally admitted that an important factor in keeping it going so long has been the ease with which mortgage credit could be obtained. Not only have ample funds been present to finance this building, but there have been times when such funds were so abundant and so cheap that builders were encouraged to undertake the building of more houses than there were materials and labor out of which to build them.

The result was the creation of a black market in many building materials and the payment of wages even higher than those called for in the union scale. This was particularly true in 1947-48 when the so-called "Fanny May" was in active operation. I think that there is little doubt that the over-abundance of mortgage funds was at least partially responsible for the rapid increase in construction costs which has taken place since the close of the war. This much I am certain is true, without the Federal Housing Administration and without the VA loan our building boom would not have reached its present proportions, nor would it continue long in the future if the very generous mortgage terms provided by these agencies were withdrawn.

Underwritten by Government

Housing activity during the past decade has grown more and more dependent on financing underwritten by the government. FHA insured mortgages have long been an important factor in this respect. But it was not until last year that the VA guaranteed mortgage became so prominent in this field. Until 1954 about one out of every seven houses was financed with a VA loan. In 1954, however, about one out of every four new houses built was financed with a VA loan. Currently the ratio is running about one out of three.

The terms of both the FHA and VA mortgages were always generous. They were made even more generous by the 1954 Housing Act. The FHA now calls for only 5% down payment on the first $9,000 of loan and 25% on the remainder. It permits a 30-year payout. VA terms were always more liberal than the FHA and they now can be made with no down payment and for a term as long as 30 years. Home ownership under these terms is equivalent to rent and frequently costs even less.

Here it is interesting to contemplate what could possibly slow up a building boom if it can be financed with 100% mortgages written for such long terms and at relatively low interest rates. Frankly, I do not know what would do it. I feel certain, however, that such financing, if it ever assumed really substantial proportions and was long continued, would ultimately bring disaster in the real estate and mortgage loan fields.

Experience shows that while there will always be personal circumstances responsible for individual foreclosures, whenever there has been a large number however, three main causes have been responsible: (1) over-building; (2) failure of personal income, and (3) decline in building costs. So far as trouble might come about from a decline in costs of construction, I think there is little about which to worry. The hourly costs of labor steadily trend upward and in spite of all that can be done in the way of using cheaper materials, costs continue to rise. The building of houses is not susceptible to large savings through the introduction of labor-saving machinery. While there have been some notable improvements in large-scale developments where the same type of house has been erected over and over again, nevertheless by and large the process of building continues to be carried on by crafts and increased wages tend to be passed on to the consumer in higher prices because it is not possible to absorb them by employing more efficient methods of production.

We need not fear, therefore, that the security back of our mortgage loans will be jeopardized through decreased costs of building.

Recalls Situation in 1930

But those of us who can remember the real estate situation which existed in the 30's realize full well that a real estate market can become completely disorganized and houses sell for 50% or less of their costs of reproduction whenever there is a substantial over-supply of houses in existence. The demand for houses apparently is a rather inelastic one. People must have shelter and whenever adequate housing is insufficient to meet the demand, rents and sale prices will skyrocket. The exact opposite is true when there is a small surplus of houses in a community. It only takes a relatively few vacant houses or empty apartments to start undermining the going scale of rentals. Likewise whenever developers find themselves with some finished houses on hand which they are unable to sell except at a loss, the upward movement in prices will immediately stop and quickly turn downward. This can all happen without any material change in the costs of construction.

As I have already stated we are building over twice the number of housing units as there are new family formations. This is causing a good deal of concern on the part of those who are financing this building. Such questions naturally arise as "Is the country being over-built?" "Can the present volume of construction long continue without causing trouble?" "What will happen to real estate prices if we get a surplus of houses?" "Will it jeopardize the security back of our mortgage loans?"

Overbuilding in the 20's

It is generally assumed that the demoralized real estate market which began about 1930 was caused by the stock market crash.

Continued on page 22

*An address by Mr. Benner before the Savings Bank Association of Massachusetts, Boston, Mass., June 1, 1955.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Map, in four colors (revised)—Describing and locating atomic activity of 97 different companies—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Boom in Uranium Stocks—Is It Over?—Comparative analysis of mining booms in the past century and how they parallel current uranium situation—"The Western Trader and Investor," Beason Building, Salt Lake City, Utah.

Canadian Letter—Fortnightly review of the Canadian Securities Market—Newling & Co., 21 West 44th Street, New York 36, N. Y.

Copper—Analysis—Bache & Co., 36 Wall Street, New York 5, New York.

Economic Changes in the United States—Chart brought up to date through 1954—Ave Securities Corporation, 400 Benedict Avenue, Tarrytown, N. Y.

Fire & Casualty Insurance Stocks — Earnings and liquidating value comparison — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Fire and Casualty Insurance Company Stocks—Data on 47 selected companies—First Boston Corporation, 100 Broadway, New York 5, N. Y.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Japanese Automobile Industry—Analysis in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Japanese Petrochemical Industry—Discussion in current issue of "Monthly Stock Digest" — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Portfolios—Study of 10 sample portfolios—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Railroad Common Stocks—Leverage positions (bulletin No. 193)—Smith, Barney & Co., 14 Wall Street, New York 5, New York.

St. Lawrence Seaway — Report — J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

* * *

ACF Industries—Memorandum — Cady, Roberts & Co., 488 Madison Avenue, New York 22, N. Y.

Aerovias Sud Americana Inc.—Memorandum—Beil & Hough, Inc., 33 Fourth Street, St. Petersburgh, Fla.

Allied Chemical & Dye Corp. — Memorandum — The Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

American Research & Development — Literature — Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Bareco Oil Company—Analysis—George K. Baum & Company, 1016 Baltimore Avenue, Kansas City 5, Mo.

Bonanza Oil & Mine—Report—L. D. Friedman & Co., Inc., 52 Broadway, New York 4, N. Y.

Chattanooga Gas Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Compo Shoe Machinery Corporation—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Hayes Industries, Inc.**

Dow Chemical—Report—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Electrolux Corp.—Memorandum—First New Hampshire Corp., 5 South State Street, Concord, N. H.

Express Dairy Co. Ltd.—Analysis—Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y.

Houston Natural Gas Corp.—Memorandum—Rowles, Winston & Co., City National Bank Building, Houston 2, Texas.

Imperial Chemical Industries—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

International Telephone & Telegraph Corp. — Memorandum — Talmage & Co., 111 Broadway, New York 6, N. Y.

Life & Casualty Insurance Co.—Memorandum—R. S. Dickson & Co., Wilder Building, Charlotte 1, N. C.

Mid Continent Uranium — Report — General Investing Corporation, 80 Wall Street, New York 5, N. Y.

Missouri Insurance Company—Analysis—Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Montecatini—Report on this Italian mining and chemical company—Bear, Stearns & Co., 1 Wall Street, New York 5, N. Y.

G. C. Murphy Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

National Rubber Machinery Company—Analysis—H. E. Herrman & Cohen, 52 Wall Street, New York 5, N. Y.

Nekoosa Edwards Paper Company—Analysis in current issue of "Business and Financial Digest"—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. In the same issue is an analysis of **Pittsburgh Plate Glass Company**. Also available are reports on **Lone Star Steel, Uarco Incorporated, Lake Superior District Power Company.**

Northern Pacific Railroad—Bulletin—Jacques Coe & Co., 39 Broadway, New York 6, N. Y.

Olympic Uranium—Bulletin—Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

Philco Corporation—Brief analysis—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Mohawk Carpet Mills, Rexall Drug**, and **Archer-Daniels-Midland.**

Phillips Petroleum — Bulletin — J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Riverside Cement Co.—New views—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

St. Louis-San Francisco Railway—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a bulletin on **Atlantic Refining Co.**

St. Regis Paper Company—Analysis—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y.

Suburban Gas Service, Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Taylor Instrument Companies—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Tri Continental Warrants — Analysis — Dreyfus and Co., 50 Broadway, New York 4, N. Y. Also available is a bulletin on three sugar stocks: **Central Aguirre, Great Western Sugar,** and **West Indies Sugar.**

United Air Lines, Inc.—Review—$2 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Vick Chemical Co.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF DETROIT & MICHIGAN

The Security Traders Association of Detroit and Michigan will hold its 20th annual Summer Outing at Plum Hollow Golf Club on Tuesday, June 21, 1955.

STADAM'S members along with their local and out-of-town guests, will be entertained for the afternoon and evening with golf, dinner, refreshments and the awarding of many prizes.

The Program Chairman for the gala day is Robert Moons of Manley, Bennett & Co.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA


Rubin Hardy


Jack Christian

The Investment Traders Association of Philadelphia will hold its annual summer outing at the Whitemarsh Valley Country Club, Whitemarsh, Pa. Rubin Hardy, First Boston Corporation is Chairman of the field day committee. Jack Christian, Janney & Co., is Chairman of the Stock Exchange.

COMING EVENTS
In Investment Field

June 9, 1955 (Minneapolis-St. Paul)
Twin City Bond Club annual picnic at White Bear Yacht Club, White Bear Lake, Minn.

June 10, 1955 (New York City)
Municipal Bond Club of New York 22nd Annual Outing at the Westchester Country Club and Beach Club, Rye, N. Y.

June 10, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at the Whitemarsh Country Club.

June 10, 1955 (Los Angeles, Calif.)
Bond Club of Los Angeles Annual Field Day at the Riviera Country Club, Pacific Palisades, Calif.

June 15-18, 1955 (Canada)
Investment Dealers Association of Canada 39th annual meeting at the Manoir Richelieu, Murray Bay, Quebec.

June 16 1955 (Philadelphia, Pa)
Investment Women's Club of Philadelphia anniversary supper at the Union League.

June 17, 1955 (New York City)
Municipal Bond Women's Club of New York Fifth Annual Outing at Sleepy Hollow Country Club, Scarborough-on-Hudson, N. Y.

June 17, 1955 (New Jersey)
Bond Club of New Jersey outing at Rock Springs Club, West Orange, N. J.

June 21, 1955 (Detroit, Mich.)
Security Traders Association of Detroit and Michigan 20th annual summer outing at Plum Hollow Golf Club.

June 24, 1955 (Atlanta, Ga.)
Georgia Security Dealers Association summer outing at the Brookhaven Country Club.

June 24, 1955 (Boston, Mass.)
Boston Investment Club annual outing at the Weston Golf Club.

June 24, 1955 (New York City)
New York Society of Security Analysts 3rd annual outing at the Scarsdale Golf Club.

June 30-July 1, 1955 (Nashville, Tenn.)
Security Dealers of Nashville annual outing Hillwood Country Club and Belle Meade Country Club.

July 14-15 1955 (Toledo, Ohio)
Bond Club of Toledo annual outing at the Toledo Country Club.

Gairdner & Company in New N. Y. Location

Gairdner & Company Inc. announce the removal of their offices to new and larger quarters at 60 Wall Street, New York City. New telephone number is WHitehall 4-7380. The firm specializes in Canadian securities and is affiliated with Gairdner & Company Limited.

What's Ahead for Business?

By DEXTER MERRIAM KEEZER*
Vice-President and Director, Department of Economics, McGraw-Hill Publishing Company, Inc.

Leading business economist calls business outlook excellent, with a new all-time high in volume immediately ahead. Expects depressing effects of expected tapering-off in automobile and housing fields to be offset by expanded business investment as well as coming round of wage, salary and dividend increases. Maintains electrical industry has particularly bright prospects.

In discussing "What's Ahead for Business?" I propose first to talk about the outlook for business in general, over the next year or so. This is a very comfortable subject to discuss, for as I shall demonstrate, general business prospects at present are excellent.


Dexter M. Keezer

Second, I shall make a few observations about the outlook for that segment of American business with which you are primarily concerned — the production of electrical construction materials and electrical appliances. This is also a cheering prospect to reflect upon.

Finally, I shall venture a few remarks about the economic outlook for the business with which you are immediately and directly concerned — the distribution of electrical products. This, frankly, is not as comfortable a part of the business outlook as the other two I propose to tackle. This is partly because I am talking to experts, and I am only a transient in the field myself. This is dangerous. It is also because the outlook for electrical distribution is now blurred by conflicting cross currents, and I imagine, a fair amount of cross slugging.

However, it is of such crucial importance to be thinking straight about the economics of distribution in general, and your field in particular, that I am emboldened to try to make a little contribution to this end. My courage in this regard is strengthened by my awareness of the way in which the importance of distribution has increased as our country has grown in wealth and prosperity.

Through almost all of recorded history the central economic problem has been that of producing enough. That is still the problem for most of the human race, and virtually all of Asia. But for the United States the key economic problem becomes that of distributing enough to keep the marvelous productive machine we have created working at a satisfactory rate.

As a nation we have become so rich that we are under no compulsion of physical necessity to purchase a very large share of what is currently produced. I do not know just how large that share is, but it is easy to make a case that at least one-third of everything that is produced lies in the zone of what economists sometimes call optional and deferable consumption. Consumers can take it or leave it as they see fit without any immediate personal inconvenience. But if they were to leave the 33⅓% a terrible depression would be upon us almost immediately.

Distribution a Key

For me this state of affairs vividly underlines the importance of having the most effective possible system of distribution for the products which our farms and factories turn out in such magnificent abundance. It also underlines why I am glad to have a chance to talk with you distributors of electrical products about your business prospects.

First on the general business outlook. In a word it is excellent.

If we don't start blowing the world to bits with hydrogen bombs the prospect is that business will carry on right through this year and into next in very high gear. I personally don't think that World War III, with nuclear weapons, is going to be started soon, but on that I am no expert. I can only hope. The (London) "Economist" remarked not long ago that "one of the hydrogen bomb's nicer characteristics is that it is very reluctant to explode." I hope and expect that we are going to encourage that reluctance. In fact, I cheerfully anticipate that the coming Big Four talks will signalize substantial accomplishment along that line.

Prospective All-Time High

Right now we are about to establish a new all-time high so far as the total volume of business in the United States is concerned. We are passing the previous all-time peak, established about two years ago, when the Gross National Product hit a rate of about $370 billion. In the meantime we have been through a remarkably mild recession.

If you limit your calculations simply to the civilian part of our economy, the volume of business is smashing all previous records by a wide margin right now. Where defense business was going at a rate of about $54 billion two years ago, it's down to a rate of about $40 billion now. But the grand total is higher than ever. So in terms of the things people use for peaceful pursuits, as opposed to preparing to blow each other up, we've never done anywhere near as well as we are doing right now.

As you know, two developments have been particularly powerful in pulling us out of the recent recession. One has been a tremendous surge in the production and sale of automobiles. The other has been a housing boom which has consistently refused to follow the judgment of many of the experts that it ought to fold up.

Fears that neither automobile production nor housing can maintain the terrific pace they have set generate some fears that the boom, for which they have provided so much of the motive power, also cannot last.

Immunity From Auto Decline

I am among those who expect both automobile production and sales, and housing to taper off. But I am not among those who fear that, as a consequence, business in general will go into a serious decline. One of my principal reasons is that I expect expansion of business investment in new producing facilities to take up much of the slack created by a decline in the production of automobiles and housing. I also expect the round of wage, salary and dividend increases, now starting to cut a pretty wide course through our economy, to contribute to the same end.

We've recently been producing automobiles at an annual rate of about 9 million a year. We've been selling them at a phenomenal rate, too. But I've found no one who expects sales to run anywhere near as high as 9 million for the year. So we've got to expect some cutback in production as, in fact, we have always had in normal course.

The prospects in housing are more obscure. But, in running at the rate of about 1.4 million starts a year, the business of producing houses is stretched just about taut. On that ground alone (and a lot of other more detailed grounds I won't review here) I think it is a wise course to assume that housing will take a little breathing spell later this year.

But to offset these contractions we have the clear prospect that American business will be expanding its investment program as the year wears on. It is provided by the results of our Eighth Annual McGraw-Hill Survey of Business Plans for New Plants and Equipment. That survey, which this year covered a larger part of American industry than every before, showed that American business is planning to spend more for new facilities this year than it has ever spent—$29.5 billion. This is an increase of 5% above the actual expenditure last year.

So what we have in prospect in the civilian part of our economy is what has come to be known as a rolling readjustment, with expansion in some parts taking up the slack in others.

Rolling Readjustment in Government Expenditures

I don't anticipate that peace offensives now underway are going to pick up enough momentum to lead to major reductions in defense expenditures during the period—about a year—with which I am concerned. But if they do, I am confident that we shall have enough sense to work out a rolling readjustment in government expenditures rather than let a too violent reduction upset business badly.

We are desperately behind in providing essential public facilities such as schools and highways. A very careful study of "America's Needs and Resources" by the Twentieth Century Fund recently produced the estimate that to catch up with our minimum needs of public works we must spend $100 billion in the next five years. If we should have the great good fortune of being able to cutback defense expenditures in a more peaceful world, any saving could readily be absorbed in catching up with our needs of public facilities. This would produce a comfortable rolling readjustment in the field of government activity which, as a whole, now constitutes about one-fifth of our total national volume of business.

I personally don't expect offsetting of the kind I have indicated to be perfect. In fact, I won't be surprised if industrial production and business in general sags a little this summer. But I am confident that expansion will take hold in the fall and we shall roll in 1956 with a high level of business activity.

Encouragement Ahead

And for 1956—and 1957 and '58 too—our survey of plans for business investment had some extremely important and encouraging news. It disclosed that American business is already planning to spend almost as much for new plants and equipment in 1956 as it is planning to spend this year. Usually expenditures planned for a year hence are much lower than those planned for the year immediately in the offing, and for a readily understandable reason. It is impossible to anticipate all the capital expenditures which passage of time will prove to be necessary. So with a very high level of business investment already planned for 1956, and 1957 and 1958, too, we have the prospect that there will continue to be great strength in the field of business investment. This is not only the most crucial single sector of our economy, but one of special importance to you.

It is possible, of course, to have business thriving in general and be in a miserable hole in a specific business. It recently occurred to me that this might be the case of the pawn shop business, and that its prosperity might be built on general adversity and hence pressure to hock one's possessions. A little field inquiry convinced me, however, that general prosperity is also good for the pawn shops. But what about the electrical business?

Eelectrical Business Outlook

Happily, from all I can discover, the outlook for the electrical business is about as good as the outlook for business generally, and in some instances better. I propose to take a look at this outlook in terms of sales of:

(1) Electrical construction materials—i.e. wiring and supplies.

(2) Equipment and supplies which the electrical industry produces for industrial use — i.e. motors, controls, transformers, etc.

(3) Appliances.

This year we expect the dollar volume of sales of electrical construction materials to be about 13% above that in 1954, with a total of about $1.9 billion as opposed to $1.7 last year. That may seem to fly in the face of my expectation that there will be some let down in housing later this year, but it really doesn't. While housing may decline a bit, commercial construction will be increasing and industrial construction will at least be holding its own. And the electrical equipment industry will be taking a steadily increasing share of the total building cost as there is greater insistence on better lighting, more air conditioning and more power for machines and industrial processes.

It looks to us as though in dollar volume sales of industrial equipment produced by the electrical industry will be about 10% larger this year than they were in 1954. As I have indicated, business is planning a record-breaking investment in new facilities this year. Production with the existing facilities is also moving along at a very high level, and with it demand for maintenance and replacement parts for electrical equipment. The result is a prospect of very thriving business for that large part of the output of the electrical industry which goes into industrial use.

In dollar volume we expect sales of electrical appliances to be about 8% higher this year than they were in 1954. We look for about the same increase in the dollar volume of sales of television sets and radios. In unit volume, the sales increase in appliances this year will be much more than 8%. Lower prices, a subject to which I shall return, account for the difference.

When it is all added up, the year 1955 promises to be the best year the electrical industry has ever had, in terms of volume of sales. And, from all I can find out, the same thing is true of you electrical wholesalers. Last year your total volume of business approached $6 billion. Even with the dollar in its present somewhat dilapidated condition that's an awe inspiring total. But this year the total promises to be somewhere in the neighborhood of 10% larger.

Uneven Distribution

If present trends continue the 10% increase won't be evenly distributed over the country. Those who took Horace Greeley's advice to go West, and those who went South or just happened to be there will continue to do substantially better than the average. But even in the more sedate sections of the country there is a

Continued on page 39

*A talk by Dr. Keezer before the 47th Annual Convention, National Association of Electrical Distributors, Chicago, Ill., May 25, 1953.

Let's Repeal the Silver Purchase Laws!

By REAR ADMIRAL DONALD J. RAMSEY (Ret.)*
Legislative Counsel, Silver Users Association

After commenting on recent advances in the price of silver as set up by the principal Mexican silver producers, Admiral Ramsey points out that this unsatisfactory situation exists only because our Silver Purchase Laws enable Mexico to control the market of silver. Calls the situation unsound from a monetary point of view, and asserts that only selfish interests will defend laws which require a great nation to place a false valuation on the backing of its currency.

Mexico has cracked the silver whip once more. The producing interests got into the ring and up went the price of silver. For over two years the forces which control the life blood of the silver using industry have kept the price of silver at 85¼ cents per ounce. Then, suddenly, with the usual mysterious rumors which precede a rise in price, on March 15 the market


Donald J. Ramsey

price went up to 89¾ cents per ounce. On March 18, it dropped back to 88½ cents, than on April 4, it dropped to the present price of 87 cents—a net gain of 1¾ cents.

The old familar pattern was followed again. There were rumors about activities on the part of the Russians and the British; and of course there are some who still talk about supply and demand. However, if you really want the answer, you will have to ask that astute gentlemen who lives south of the border — Senor Rodrigo Gomez. Who is he? He is an old acquaintance of the silver users. I would say he is best described as the "Silver King." His activities and motives are quite understandable. It is alleged that he operates the world silver market for the benefit of Mexico—certainly not for the benefit of the silver using industry. The simple vehicle enabling Senor Gomez to attain success is the silver purchase policy of this country, which is determined by the Silver Purchase Laws. These laws provide a subsidy to the domestic producers if they take their silver to the Treasury. There they will receive 90½ cents per ounce. Thus, the silver using industry has been deprived of approximately 36 million ounces of silver annually.

To return to the recent price rise, it will be interesting and instructive to see how Senor Gomez operates. During the week preceding the price rise, the information leaks out that Mexico has no more silver to sell. The next rumor is from one of the producing interests that the British are shopping around for a million ounces of silver. Then on the morning of the day of the price rise, there is a rumor of large orders for silver. The stage is set for Senor Gomez, who has also tossed into the ring a coinage order from Saudi Arabia requiring 17 million ounces of Mexican silver. Then the Senor bows out, and on the afternoon of March 15 we have 89¾ cent silver. Additional word leaks out that he will buy silver if it drops below 85¼ cents per ounce. This was quite decent of him.

It would be interesting to follow the market as it dropped to 87 cents per ounce. Gomez starts the ball rolling, then sits back to watch the results of his handiwork. The producers — suppliers to the market — take over. We hear of inventory problems—perhaps tax problems. It is reported that the actual demand for silver was light. It would be very interesting to know what the actual supply and demand picture was during the period of March 11 to 18. Certainly the supply has been controlled.

At this point it might be interesting to examine the price of 85¼ cents per ounce, which Senor Gomez seems to favor so highly. For over two years this price was maintained. Surely no one is naive enough to believe it was as a result of supply and demand. One might wonder why a higher price is not maintained. The Senor is a shrewd operator.

He shops around the world for coinage orders so that he can keep silver from the market. His coinage deals with Saudi Arabia are very interesting. One might wonder why that little country requires so many coins—or does it? The melting point of these coins—that is the point at which the silver content is more valuable than the face value of the coin—is of interest. Could it be that a price higher than 85¼ cents per ounce—if maintained over a period of time—might bring some of the Senor's chickens home to roost? Or perhaps he would like them to come home in an orderly fashion to be determined by him. Perhaps the silver in these coins might reach the market in such proportions as to disturb the balance which it is so desirable and profitable to maintain—for everyone but the silver users.

It would not be very nice of us to disturb this set-up. However, I am afraid this is going to happen. Our Silver Purchase Laws, which enable Mexico to control the market are unsound from a monetary point of view. Senator Green, that patriot and statesman from Rhode Island, has introduced a bill to repeal these laws and that doughty warrior from Rhode Island is determined this time to see it through. Senator Douglas, the able economist and sound money advocate from Illinois, is Chairman of the subcommittee which will handle the bill. There will be some action and some surprises before this session of Congress is ended. Other Senators, particularly those from New England — Senators Saltonstall and Kennedy from Massachusetts, Bush and Purtell from Connecticut, Pastore from Rhode Island—are vitally interested in repealing laws which require our Treasury to keep increasing a non-existent asset which already totals nearly $1 billion. Legislators, economists, bankers, financiers, editors, and many others have strongly advocated repeal of these laws. Support for repeal will soon gather momentum.

The Chairman of the Federal Reserve has steadfastly advocated repeal. There are very few defenders of the present monetary policies regarding silver—they are from the West; and even they admit these policies are a little unsound. There are still those who talk about a silver standard despite the fact that every nation in the world has abandoned such a system. However, the Silver Purchase Laws are still on the books.

Nearly every impartial person who knows anything about money is against these laws. Why have they not been repealed? It is rumored that even some of the producing interests would like a free and open market. One answer is the after-glow of the once powerful silver bloc. There are probably some members of the so-called silver bloc who know that these laws should be repealed. But they have not been ready to face the hue and cry from a handful of constituents, who for their own selfish interests keep the entire silver using industry in jeopardy.

No person in his right mind, unless he has some selfish interest, will defend laws which require a great nation such as ours to place a false valuation on backing for its currency. In this case, silver worth 87 cents per ounce in today's market is falsely valued at $1.29 per ounce. We might expect this sort of thing to go on behind the iron curtain, but not here.

The great argument for retention of these laws is that they are necessary in order to maintain the production of copper, lead, and zinc. There are so few producers of silver, except as a by-product in the production of the above mentioned ores, that we can ignore them. By far the largest proucer in this group is Sunshine Mining Company. An analysis of this company's report for 1954 clearly indicates that it would have operated profitably without the subsidy provided by the Silver Purchase Laws.

Let us take a quick look at the copper, lead, and zinc producers. One of the largest domestic copper producers reports earnings of $77,906,288 in 1954. It received a subsidy under the Silver Purchase Laws estimated at $149,669. A leading lead producer reported earnings of $7,523,503, and it received a subsidy estimated at $22,575. A leading zinc producer reported earnings of $21,477,610, and it received a subsidy estimated at $81,000. Can anyone justify these subsidies which merely add to the profits of these companies. The laws providing for these relatively small subsidies, regardless of need, permit Mexico and the producing interests to keep a noose around the necks of the silver using industry.

Of course, there may be some high-cost, uneconomical producers who can use a subsidy. Treasury Secretary Humphrey, in opposing higher tariffs for the lead-zinc industry, said, and I quote: "We now have a temporary unsound surplus of high-cost producers which must be absorbed or adjusted into the nation's economy." He was further quoted as saying that the lead-zinc industry was greatly overexpanded. Surely Secretary Humphrey will not condone a subsidy at the expense of the silver using industry to help out these undeserving producers.

Finally, a Vice-President of American Smelting and Refining Company, one of the leading suppliers to the silver market, recently said, and I quote: "It would be foolish indeed to jump hastily to the conclusion that the period of expanding use of non-ferrous metals is ending; but it would be equally foolish for this industry to believe that stockpiling or higher tariffs or subsidies are the answer to all its problems."

The Silver Purchase Laws provide the medium for control for our silver supply and price by foreign and domestic interests regardless of the welfare of the silver using industry. They prevent the operation of a free and open market. They are a constant threat to our very existence. We look to this Congress to remove not only their effect on us, but more important still, their effect on our monetary system.

*An address by Admiral Ramsey at the Convention of the Mirror Manufacturers' Association, Chicago, Ill.

Municipal Bond Club of New York Guest List

Among the out of town guests who will be in attendance at the 22nd annual field day of the Municipal Bond Club of New York, to be held Friday, June 10th, are:

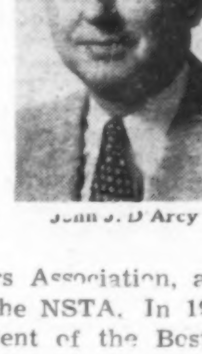
Name	Firm	Hotel
Adams, William M.	Braun, Bosworth & Co., Detroit	Roosevelt
Ahearn, John W.	Rockland-Atlas National Bank, Boston	
Andrews, Rollin G.	J. M. Dain & Co., Minneapolis	Roosevelt
Atwill, Wm., Jr.	Atwill & Co., Miami Beach	Park Lane
Baas, John	Edw. G. Taylor & Co., Cincinnati	Roosevelt
Baxter, Dana F.	Hayden, Miller & Co., Cleveland	Roosevelt
Berquist, Allen	First National Bank of Chicago, Chicago	
Bonniwell, Ronald R.	Cruttenden & Co., Chicago	Hampshire House
Bradley, Donald	Hornblower & Weeks, Boston	
Broderick, John P.	New York City	
Brocke, R. H.	R. H. Brooke & Co., Richmond	Roosevelt
Bucci, Leon	The Bond Buyer, New York	
Chambers, Carlton	F. Brittain Kennedy & Co., Boston	Commodore
Clark, Harold W.	Clark, Landstreet & Kirkpatrick, Nashville	Commodore
Cook, R. J.	Wm. J. Mericka & Co., Inc., Cleveland	Pierre
Crooks, Reginald E.	Ferris & Co., Washington, D. C.	
Croom, William D.	First Securities Corp., Durham, N. C.	Roosevelt
Edwards, J. H.	R. J. Edwards, Inc., Oklahoma City	Roosevelt
Ergood, Russell M., Jr.	Stroud & Company, Incorporated, Phila.	Hampshire House
Faust, John N.	Kidder, Peabody & Co., Chicago	
Frantz, Gene A.	Wm. Blair & Co. Chicago	Roosevelt
Friend, Arthur S.	Folger, Nolan-W. B. Hibbs, Washington, D. C.	Roosevelt
Ginther, Nelson D.	Ginther, Johnston & Co., Cleveland	Roosevelt
Goodwin, Arthur E.	Rowles, Winston & Co., Houston	Roosevelt
Graham, Thomas	The Bankers Bond Co., Louisville, Ky.	St. Regis
Hattier, Gilbert, Jr.	White, Hattier & Sanford, New Orleans	Roosevelt
Henderson, Barlow	Equitable Securities Corp., Nashville	Mayfair House
Hobson, Wm. H., Jr.	DeHaven & Townsend, Crouter & Bodine, Philadelphia	
Illoway, Lawrence B.	Aspden, Robinson & Co., Philadelphia	
Johnson, Fred F.	Barcus, Kindred & Co., Chicago	Roosevelt
Johnson, Kenneth S.	Indianapolis Bond & Share Corp., Indianapolis	Roosevelt
Jordan, G. Carl, Jr.	R. W. Pressprich & Co., Boston	Metropolitan House
Kenny, George P.	Willis, Kenny & Ayres, Richmond	Roosevelt
Key, Albert L.	Folger, Nolan-W. B. Hibbs & Co., Washington D. C.	Roosevelt
Kirtley, Arthur	First Boston Corp., Chicago	Roosevelt
Knapp, Alfred S.	Wurts, Dulles & Co., Philadelphia	
Kocurek, Arnold J.	Rauscher, Pierce & Co., Inc., San Antonio	Roosevelt
Lankford, Thomas A.	Union Trust Co. of Maryland, Baltimore	Roosevelt
Lundfelt, C. E.	McCormick & Co., Chicago	Roosevelt
McIlvaine, Leighton H.	Goldman, Sachs & Co., Philadelphia	
Martin, George L.	International Bank for Reconstruction, New York City	
Mathews, Arthur C.	Dun & Bradstreet, New York City	
Mohr, Sidney J., Jr.	Thornton, Mohr & Farish, Montgomery, Alabama	Roosevelt
Mosley, Jon L., Jr.	R[illegible] Houston c/o Dr. F. Thompson	1192 Park Ave.
Payne, W. Wallace	First of Texas Corp., San Antonio	Roosevelt
Peakun, Miles	John Nuveen & Co., Chicago	
Peterson, Raymond P.	Equitable Securities Corp., Philadelphia	
Ponicall, Frank M.	Singer, Deane & Scribner, Pittsburgh	Roosevelt
Quist, Leo L.	Harold E. Wood & Co., St. Paul	Roosevelt
Richardson, D. T.	Underwood, Neuhaus & Co., Houston	
Rieckhoff, L. M.	The Northern Trust Co., Chicago	Pierre
Robinson, Arthur R.	Anderson & Strudwick, Richmond	Roosevelt
Ryan, Burt T.	Ryan, Sutherland & Co., Toledo	Biltmore
Schanck, Francis R., Jr.	Bacon, Whipple & Co., Chicago	Roosevelt
Schmidt, Marshall	Drexel & Co., Philadelphia	
Schoeneberger, C. A.	Center Republic Co., Chicago	Roosevelt
Schuler, Russell C.	First Boston Corp., Philadelphia	
Seifert, Russell E.	Stern Bros. & Co., Kansas City	Roosevelt
Shefelman, Harold S.	Weter, Roberts & Shefelman, Seattle	Roosevelt
Sikes, W. Travis	Dewar, Robertson & Pancoast, San Antonio	Roosevelt
Stevens, William A.	J. C. Wheat & Co., Richmond	Roosevelt
Stehl, Walter H.	Fidelity Union Trust Co., Newark	
Strader, Ludwell A.	Strader, Taylor & Co., Lynchburg	Statler
Stutz, Carl N.	The White-Phillips Co., Davenport, Iowa	Roosevelt
Sunderland, Edwin P.	John C. Legg & Co., Baltimore	Roosevelt
Sylvester, Horace C. III	Kidder, Peabody & Co., Boston	Roosevelt
Symonds, B. Shapleigh	Blair & Co., Inc., Boston	
Thornburgh, R. W.	The W. C. Thornburgh Co., Cincinnati	Roosevelt
Van Deventer, Ludlow	Van Deventer Bros., Inc., Newark	
Watterson, William H.	Fahey, Clark & Co., Cleveland	Roosevelt
Wehrheim, Robert V.	Philadelphia National Bank, Phila.	
Yeager, J. Thomas	Baker, Watts & Co., Baltimore	

Press

Name	Firm
Beck, Edwin L.	Commercial & Financial Chronicle
Frye, Charles S.	Chicago Daily News
Heffernan, Paul	New York Times
Ryan, Robert T.	Robert T. Ryan & Co.

D'Arcy Trading Mgr. For F. L. Putnam Co.

BOSTON, Mass.—F. L. Putnam & Company, Inc. announced on June 8 the appointment of John J. D'Arcy as Manager of their trading department. Mr. D'Arcy is well known in investment circles, having been with F. L. Putnam & Co. for 29 years. He is also Treasurer of the Interstate Power Co. of Montana, a past Governor and Recording Secretary of the Boston Securities Traders Association, and a member of the NSTA. In 1950 he was President of the Boston Investment Club. The firm also announced that Richard C. Nowell, who has been for four years with Spencer Trask & Co. and previously served with the Navy in World War II, has joined the Putnam organization.


John J. D'Arcy

John G. Sheldon With Francis I. Du Pont

CHICAGO, Ill.—Francis I. du Pont & Co., 208 South La Salle Street, announce that John G. Sheldon has become associated with them as manager of the municipal department. Mr. Sheldon was formerly with Eastman, Dillon & Co. and prior thereto with F. S. Yantis & Co., Inc.

Geo. Hall, Jr., V.-P. Of Wm. E. Pollock

George W. Hall, Jr. has been elected Assistant Vice-President of Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City.

Opens Boston Office

BOSTON, Mass. — The Bristol Securities Company of Fall River, Mass. has opened a branch office at 80 Federal Street under the direction of Frederic R. Mayo.

Grayson Representatives

Myron A. Copper, Herbert S. Geist, Donald E. Helfer and Ernest J. Massair have been named representatives for A. J. Grayson, 92 Liberty Street, New York City, N. Y.

The Economic Aspects Of the Cold War

By HERBERT HOOVER, JR.*
Under Secretary of State

High ranking State Department official, holding that economic strength is the basis of political and military power in the Cold War struggle with Communism, compares the relative economic resources and progress of the Western Powers with those of the Soviet Bloc. Sees discontent and some confusion in the Communist area, and concludes that our free enterprise system has been challenged to such a degree by Communist groups that it is obviously one of the primary targets in the entire Cold War episode.

The western world, for a good many years now, has been engaged in a so-called cold war with the Communist nations and their satellites. The struggle has been going on in many parts of the globe; under a wide variety of local conditions; and with considerable deviations in the degree of coldness—or warmth—depending on what standards of measurement one wishes to apply under such circumstances!

Herbert Hoover, Jr.

This cold war has many sides and many aspects. For the purpose of this analysis, however, it may be divided into three general categories; namely, the military, the political, and the economic.

On this occasion I would like to explore with you, briefly certain of the economic aspects; but before doing so, a short review of the existing military and political situations may be interesting as background.

Within the last few months, there have been many new developments on the international scene. West Germany has now joined NATO, and takes her place beside the United States, Canada, the United Kingdom, France, Italy, Belgium, the Netherlands, Luxembourg, Norway, Denmark, Iceland, Portugal, Greece and Turkey. It is an imposing group of free nations, banded together for their own defensive security. They are a formidable barrier to Soviet military aggression in Western Europe.

On the political side, under the Brussels Pact, the Western European Union has come into being, and the Federal Republic of Germany has now become a free and sovereign nation.

In the Middle East, it is encouraging that Turkey, Iraq, Iran and Pakistan appear to be drawing into a close and effective defensive alignment with each other. These countries, often known as the Northern Tier, have many ties with the western world.

In the Far East there has also been a growing awareness of the threat of Communist military aggression. The Philippines, Thailand, and Pakistan have joined with the United States, the United Kingdom, France, Australia, and New Zealand under the Manila Pact to safeguard themselves and Vietnam, Laos and Cambodia, against external aggression and subversion. In addition, the United States has bilateral treaties of defense with Japan, Korea, the Philippines and Nationalist China. We have also a separate trilateral agreement with Australia and New Zealand.

The fact that many free nations of the world have effectively armed themselves, and have joined together in their common defense, has made it apparent that further outright military aggression by the Communists carries with it the risk of losses to the Soviet bloc out of all proportion to the gains that they might achieve.

In the next few years there may be many changes on the military and political fronts throughout the world. But if the free nations remain strong militarily, and unified politically, there is excellent reason to believe that a fighting war can be avoided.

Basic Economic Strength

Military and political strength, however, are basically dependent upon economic strength, and without a strong economic foundation, military and political agreements are meaningless.

It is on the economic front where the most interesting and significant developments may well have taken place, though they may not have made the headlines in such spectacular fashion as events in other fields.

The Soviet bloc has found no evidence of economic collapse in the free world. The United States has not had a major depression, as the Marxists had anticipated. Nor does our economic system appear to be disintegrating. On the contrary, we seem to be in a stronger position than ever before, and there is every indication that we can carry on the present pace indefinitely.

The Communists can have found little comfort in our economic situation. Our system has made it possible for us to attain a per capita income five times higher than the world average. And it has been the bulk of our population that has been the chief beneficiary of this great progress. It is interesting to note that the difference in income between the average factory worker on one hand, and management personnel on the other, is smaller in the United States than in any other major industrial nation in the world.

A recent study by the 20th Century Fund points out "Worth mentioning is the fact that this momentous development has been taking place not in Communist Russia but in capitalist America. Of all the great industrial nations, the one that clings most tenaciously to private capitalism has come closest to the socialist goal of providing abundance for all."

Across the Atlantic, Western Europe is enjoying a higher industrial prosperity than at any time in its history. The per capita income and business activity in the Western European nations is higher than it was before World War II. Economic expansion in Latin America is going on at an even faster pace than it is in the United States.

Discontent in the Soviet Bloc

In contrast to the situation of growing economic strength and prosperity in the free world, the Communist bloc is faced with discontentment in the satellites and continuing difficulties at home. It is true that the Communist bloc's industrial power primarily in the field of heavy industry, has been growing. As compared to 1940, Soviet production of coal is up from 166 million tons a year to 345 million tons in 1954; steel is up from 18 million tons to 40 million tons; crude oil from 31 million tons to 59 million tons; and in electric power there has been an increase from 48 billion kilowatt hours a year in 1940 to 146 billion in 1954. However, there has been no proportionate increase in the standard of living of their people. And this has been the result of the deliberate policy of the Communist Government.

Their object is, of course, to concentrate their resources and energies on increasing the military and economic might of the country. This year, for example, they chose to raise their direct military allotment by 10% to 110 billion rubles. This expenditure will be the largest in any post-war period, and represents four-fifths of the amount which was spent during the peak of the war years, that is, in 1944.

According to the admission of Soviet authorities, less than 10% of total investment is devoted to consumers goods industries. Of the Soviet gross national product, only some 40% goes to human consumption, compared to above 70% in the United States.

Total agricultural output in the Soviet Union in 1954, by Moscow's own figures, was less than 10% above the prewar level. And more than half of the Soviet labor force is engaged in agriculture. Total grain output last year was even smaller than in 1940. Livestock numbers on the whole are about equal to 1940, but are still below the pre-collectivization year of 1928. As a result, the Soviet population, increasing now by more than three million persons each year, is still forced to get along with a basically bread-and-potato diet. The Soviet Union has tried various schemes to increase agricultural output. But none of them was directed at the root of the trouble: the collective farm system, which has so far been more successful in producing apathy among the peasants, than in augmenting the food supply.

In the field of agricultural production, the differences between Communist and free world philosophies become particularly significant. It is interesting to pause for a moment because it is in this area that fundamental weaknesses of collectivist economies become apparent when compared with the free enterprise system. The United States has developed an agricultural system based on individual incentive, which has produced more than enough food for our population and yet we have the lowest percentage of people employed in agriculture of any country in the world. In fact, with our $10 billion of surplus products now in the hands of the Commodity Credit Corporation, we may perhaps have somewhat overdone it. Nevertheless, most other countries which have similar systems to ours have also, but to a lesser degree, followed in our own experience.

It is also interesting to note that those countries which have adopted varying degrees of Socialism and regimentation in their price structures have experienced corresponding declines in their agricultural outputs. It is a continuing demonstration of the inherent soundness of the free enterprise, incentive system.

International Petroleum Situation

The international petroleum situation is another excellent illustration. Here, perhaps more than anywhere else, the private enterprise and collectivist systems have come face to face.

The communist pattern, the world over, has been concentrated for many years toward the nationalization of petroleum resources wherever the opportunity presented itself. Their objectives were many and varied. First, it was an attempt to deny petroleum resources to the western world, in time of emergency, by setting up a system of individual governmental monopolies in each of the producing countries. They apparently believed that such organizations could be easily infiltrated and that their operations could be directed toward Communist objectives. Secondly, it provided an ideal platform from which to fan the flames of nationalism and to provoke misunderstandings and antagonisms on an international scale. It also created excellent opportunities for stirring up industrial unrest, for undermining the private enterprise system, and for promoting the thesis of state socialism.

I have watched the struggle, at first hand, in many corners of the world, over the last 20 years. It has been an absorbing experience. The contest is by no means over, but the present trend must be a discouraging one from the communist viewpoint.

Those countries which have nationalized their petroleum resources and have engaged in governmental operation have been constantly in technical, financial and management difficulties. The cases of Iran, Argentina and Bolivia are well known examples of the point. On the other hand, the economies of Venezuela, Canada, Saudi Arabia, Iraq and Kuwait, where private enterprise has been allowed to operate, have developed to an unprecedented degree. Iran and Argentina have now made the decision to return to the free enterprise system, and Bolivia gives every indication of doing so.

There are few more dramatic demonstrations of the vitality and resourcefulness of the private incentive system in the world today than that which has taken place in the petroleum field.

There are many other examples that could be cited, the world over, each with its specialized circumstances and its particular surroundings.

Help to Latin America

In many instances, our government is playing a part, either directly or indirectly. For example, every possible effort is being made to help the countries of Latin America in their plans for growth and economic expansion. They need, and can use advantageously, relatively large amounts of capital. Like our own country, most of them are firm believers in the private enterprise system. Yet, in the absence of large-scale private foreign investments, there is a great temptation to resort to government-to-government financing. Although such public loans could not be [illegible] to satisfy the legitimate needs of their economies, even if they were available, the net effect would be to force their governments into the operation or ownership of many industries which would otherwise be in the hands of private enterprise. Unless carried forward with extreme care, such loaning policies will discourage, rather than promote, individual initiative. Wherever possible, therefore, our Export-Import Bank has endeavored to make [illegible]

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*An address by Mr. Hoover at the Harvard Graduate School of Business Administration, Cambridge, Mass., May 18, 1955.

Factors Leading to Restoration Of the Gold Standard

By ROBERT W. DORSEY
Director of Research,
Southwestern Securities Company, Dallas, Texas

Predicting an eventual restoration of the gold standard as a means of assuring financial responsibility in the handling of the public purse, writer cites reasons why it would seem advisable to have a gradual return to sound money by some method which would permit a study of the problems involved so as not to give a deflationary jolt to the economy. Proposes that conventional debt limit of $275 billion be continued, with proviso that any Treasury borrowing above that figure be in bonds redeemable in gold.

From the time that gold was withdrawn from public hands and our traditional system of full convertibility abandoned in early New Deal days, the proponents and opponents of convertibility have aired their views continuously in the public print. Generally these discussions have appeared in financial and academic publications with the result that no strong interest in the subject has been generated among the rank and file citizens. The public lethargy is pointed up by the fact that no action has been taken in regard to the declared intention of the Republican party to work for the reestablishment of gold convertibility, expressed in its platform of 1952. There has been no popular clamor, even among its own party members, to force action—and none has been taken.


Robert W. Dorsey

It is the writer's opinion that a full gold standard must and will eventually be restored as a means of assuring financial responsibility in the handling of the public purse. The reasons for this view have been adequately expressed many times on these pages and elsewhere, and will not be repeated. What is intended is to propose a back door method of securing legislative action to assure the eventual return of gold to its rightful place in our monetary system.

Why Delays in Gold Restoration

There are many practical difficulties standing in the way of immediate return of full convertibility. The chief difficulty lies in the fact that the heavy defense outlays forced upon us by prolonged international tension have brought about continuing budgetary deficits. These deficits carry with them the threat of further inflation. While immediate return to a gold standard would theoretically remove this threat, it could be accomplished only by lower expenditures or greater taxation, neither of which appears possible at this time. Furthermore, the possibility of even a "limited war" in the near future could create a situation in which it might be impossible to maintain currency convertibility even though it were established. Another difficulty lies in the possibility of serious international problems due to the non-convertibility of major currencies other than the dollar. These could be seriously affected if the United States alone returned to gold. Among the other deterrents to a return to a solid currency at this time must be considered the absence of an objective standard for the establishment of a workable ratio of convertibility, and the possible political and economic effects of the stabilization of prices and wage rates which would be expected to follow convertibility. Active opposition can be expected from those groups which feel that they stand to gain from continued inflation, and it is probable that they could block or delay action on any attempt to restore gold at this time.

A Gradual Return to Gold Standard Recommended

In the face of these considerations, it would seem advisable to make a gradual return to sound money by some method which would give time to study the problems involved, and which would not result in any sudden jolt to the economy that could touch off even a mild deflation. The public must be assured that the result need not be restricted credit, hard times and unemployment, otherwise it will be most difficult to find support for a change from present policies. The proposal which is presented here is quite simple and should have no immediate effect on the economy whatsoever. However, it would create a force which could be an effective deterrent to further inflation and would provide a measurement of the relative value of gold as a commodity to its currency value, thus establishing a sound basis for ultimate convertibility.

A Plan of Restoration

The proposal is to continue the conventional debt limit at $275 billion by Congressional action, but to further provide that any borrowings over and above that figure, which might become necessary in any period of emergency, could be made only through the issuance of long-term bonds redeemable in gold.

Such an act would immediately commit the United States to a policy of eventual establishment of gold convertibility, but at the same time allow the change to be made at a time and under circumstances possibly more propitious than the present. Whether or not they favored sound currency, the nation's monetary authorities would be placed in the position of either keeping the budget balanced to prevent raising of the debt, or accomplish additional deficit financing by a means that of itself would provide a deterrent to fiscal irresponsibility.

Assuming that the present outlook for the Federal Budget is correct and that a debt in excess of $275 billion will occur, a small issue of gold bonds could be made to handle the situation under the proposed law. It is probable that an issue of such bonds could be marketed at a very low interest rate because of the attractiveness as a hedge against inflation. If these bonds were set up to mature in no less than 20 years and were issued in small quantities, it is not likely that there would be any prejudicial effect on the normal refinancing of the current debt. In fact, it would provide a positive assurance that the current debt would be managed wisely since any inflationary government action would immediately be reflected in a premium being placed on the gold bonds in the market place, just as a sound currency goes to a premium over a fiat currency when both circulate at the same time.

Gold Bonds Both Feasible And Practical

The reintroduction of gold bonds into our debt structure is both feasible and practical at this time, and would provide a means for the Republican Administration to make good on its promise to move toward a return to sound currency with a minimum risk of adverse political effects. Although it is apparent that a constitutional amendment would be necessary to assure that subsequent Congresses could not renege on the government's pledge to pay in gold, as occurred in 1933, such a step could be considered after the proposed law is on the books.

With assurance that the government could not reverse itself, the date of maturity of the proposed bonds would in effect be the date on which full convertibility of currency would have to be accomplished. The people would again have gold in their possession which likely could not be enticed back into the treasury without redeemable currency.

Recapitulating the arguments for the proposed legislation, it would accomplish the following things:

(1) Make the debt limit subject to the availability of gold reserves, rather than to a theoretical figure set by law.

(2) Deter inflationary credit and fiscal policies by providing a measure in the market place of the relative value of gold obligations to other forms of credit.

(3) Fix a definite time in the future when gold would come into the hands of the ordinary citizen, which would in effect be a time limit on restoring full convertibility.

(4) Provide an objective valuation through market fluctuations of our currency relative to gold, which could be used to fix a realistic ratio for ultimate convertibility.

(5) Place other nations on notice that the United States intended to return to a full gold standard so that appropriate measures could be taken by them.

The reissuance of gold bonds would bring up many interesting considerations from the investment dealer's point of view, as well as those of a purely monetary character. Without going further into these at this time, the matter will be left for favorable or unfavorable reaction to the basic idea.

Joins Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Emerson L. Henricks has become associated with Mutual Fund Associates, 1903 Capitol Avenue.

Joins Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Martin E. Schaffner is now connected with Daniel D. Weston & Co. of Beverly Hills.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Robert M. Slater is now with Mitchum, Jones & Templeton, First National Bank Building.

Carroll, Kirchner Add

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Morris Hoffman is now with Carroll, Kirchner & Jaquith, Inc., Denver Club Building.

With Whitney, Cranmer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Kenneth A. Dealy is now connected with Whitney, Cranmer & Schulder, Inc., Railway Exchange Building.

From Washington Ahead of the News

By CARLISLE BARGERON

Politicians pride themselves on being smart. Often times the manner they pursue an objective in a roundabout way is not apparent to the layman and the explanation to that layman is that he, being a layman, doesn't understand the art of politics. However, not so infrequently these artisans of the supposedly esoteric game, get lost in their shennanigans. It turns out that it would have been much better had they pursued a straight, open and above-board course.


Carlisle Bargeron

My mind goes back to the early 30's when there was an issue before Congress of paying off the bonus to the veterans of World War I. The late Fred Vinson, then a member of Congress, introduced a bill to do just this. But Congressman Wright Patman of Texas, tied into a bill to pay the bonus a provision for some sort of an inflationary money scheme. Practically every observer on the Washington scene knew that Patman's bill would pass the House and also that it would be defeated by the Senate. Patman, himself, must have known this. The effect of the passage of his bill was to delay payment of the bonus a year.

The day Patman's bill was passed in the House he went proudfully around among his friends and was much surprised to learn they didn't appreciate his success. He was even more surprised a few months later when he appeared before the annual convention of the American Legion and instead of being received as a hero he was booed. The Senate had killed the bill because of the money features Patman had associated with it, whereas the Senate would undoubtedly have approved the Vinson straight-out bonus payment bill.

I tell this story because of its bearing, the political attitude, on the President's highway bill. I should preface these remarks, too, with the statement that although I have heard a lot about the efficiency and teamwork of the White House staff, I have never seen such ineptitude as has been displayed by that staff in this instance.

We start off with this premise: There is a general recognition that our highway system is in a deplorable shape, that our highway transportation is at the point of bogging down which certainly affects the country's economy.

In this light, President Eisenhower appointed a committee of highly respected citizens to study the situation and come up with a report. This, the committee headed by General Lucius Clay did.

The committee conferred with the leading highway officials of the country and the report that was produced came from them: the highway officials of all the states, the Governors of the states, the mayors.

But through some seeming jealousies at the White House, the report was kept on the shelf for nearly two months. In the meantime, there is a growing agitation among the Democrats in Congress that inasmuch as they are in control of that body they should quit following the President's lead and develop a domestic program of their own.

So, Senator Gore of Tennessee introduced his highway bill in the Senate. He obviously didn't know much about the subject because with his consent the bill was revised upwards three times before it passed the Senate. The Senate Democrats, with one exception, voted solidly for the so-called Gore bill. They were joined by 14 Republicans. Where was the Eisenhower influence? I saw not the slightest evidence of it; indeed, I saw very little evidence of his aides.

Insofar as I can ascertain, not a single highway authority appeared before the Senate committee in behalf of the Gore bill. Instead, they all insist it is inadequate, that it will not produce the highway system demanded, that 31 states and the District of Columbia would not get enough for their needs even so far as the five-year program goes not to mention the 10-year program, proposed by the Administration, whereas 18 states would get more than their needs which, however, they wouldn't be able to use. The general criticsm of the Senate bill by the experts is that it would just throw around more Federal aid for highways without accomplishing the purpose of the program.

Now, the House Public Works Committee has been conducting hearings for several weeks on a single highway bill, the Administration program. The only witness who appeared against it, to the best of my knowledge, was the new comptroller general, who questioned the wisdom of the proposition of creating a corporation to issue bonds, payable over a 30-year period from the Federal gas and oil taxes. He agreed it was a perfectly legal proposition.

The story around Washington has been that the good old House under good old Sam Rayburn would pass a bill very closely resembling the Administration program. But good old Sam Rayburn seems to have become infected with some of the partisan fever that was displayed in the Senate. It is time, he thinks, for the Democrats to have their own highway bill. To this end he called a meeting Tuesday of the Democrats on the House Public Works Committee and called upon them to write their own bill, a stepped up version of the Gore bill as it passed the Senate. It would be a 12-year program instead of a five-year program as provided for the the Gore bill. The Administration's plan to finance the highway program through the creation of a Federal corporation to issue bonds is tabooed. So just where the money will come from remains to be seen.

As of this writing the President's highway program is in serious danger. No one questions, either, that there should be a highway program.

More About the SEC's Proxy Rules

By J. SINCLAIR ARMSTRONG*
Chairman, Securities and Exchange Commission

Chairman Armstrong calling attention to importance currently attached to proxy regulation by Senate Banking Committee, with prospective extended hearings on the subject, asserts SEC, through years of experience, has devised proxy soliciting regulations which have worked well and importantly furthered corporate democracy. Discusses numerous legal, economic, and regulatory phases of the problem. Declares any evaluation of how rules are working must be made in light of statutory objectives of fair disclosure to security holders of basic facts about companies receiving public's savings.

The attention of the American people has been directed in the past few months to the subject of the stock market by the study undertaken by the Committee on Banking and Currency of the United States Senate. Any study of the stock market necessarily includes the subject of Federal regulation of securities.

J. Sinclair Armstrong

I'm sure most of you followed the news accounts of the daily parade of witnesses at the hearings before the Senate Banking Committee which lasted for several weeks, from March 3 to 23. Those who testified were drawn from among officials of stock exchanges and over-the-counter market, brokerage houses, investment companies, labor organizations, banks, business and industrial establishments, the press, universities and government. They gave a great deal of interesting testimony about how the securities markets operate, their relationship to the government and the public, and their relationship to the national economy.

Also, 5,500 individuals—brokers, dealers, investment advisers, financial writers and others in the financial world and 113 economists — received questionnaires from the Senate Banking Committee, and supplied answers, on the subject of recent and not so recent rises in the market prices of stocks. Over 1,300 replies to these questionnaires were received and analyzed by the Committee's professional staff. Thus, an enormous amount of expert opinion was gathered into the hands of the Committee. This is presently under study by the Committee and by the Committee's staff.

Proxy Study Begun

Further hearings on one phase of the study—proxy contests for control of listed corporations—have been scheduled to commence this very day and to continue during early June. More hearings may be held after that if the Committee so decides.

What ultimately will result from the study no one not connected with the Senate Banking Committee, least of all I, could possibly say.

In addition to the testimony of the witnesses taken at the hearing (which comprises a document of over 1,000 pages), there has also been released by the Senate Banking Committee a very interesting staff report entitled "Factors Affecting the Stock Market." Information for this report was supplied to a major extent by the Securities and Exchange Commission, the Federal Reserve System and the New York and American Stock Exchanges. Also, last week there was released by the Committee a Committee print of its Report on the Stock Market Study, together with individual views and minority views of members of the Committee.

Neither the 1,300 answers to the Committee's questionnaires nor the testimony of the various witnesses were particularly directed to the question of the Federal regulation of the solicitation of proxies of security holders of listed companies. However, the subject was sufficiently in the public mind because of the struggles for control of certain large and well-known corporations in the past two years that it did receive the passing attention of some witnesses and of the Committee. The report of the Committee contains the following passage:

"Proxy Regulation—Section 14 of the Securities Exchange Act, which deals with the solicitation of proxies, simply provides that it shall be unlawful to do anything—

> in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

"This blanket authorization to the Commission is the subject of rather comprehensive rules regarding the solicitation of proxies.

"Senator Capehart has introduced a bill (S. 879) which would require certain additional disclosures from persons seeking to control issues listed on a national securities exchange. This question, together with the whole subject of modern methods of corporate control, and effective corporate democracy through the exercise of the right to vote, share in importance. A sub-committee under the Chairmanship of Senator Lehman will shortly hold public hearings on these subjects."

That which I have just quoted was part of the Committee report, but in the minority report of four Republican Committee members, Senators Capehart, Bricker, Bennett and Beall, there appear the following passages:

"Significantly, this report contains no recommendations for remedial legislation to cure the purported evils found in the stock market. In only one instance is there reference to a definitive legislative proposal and that concerns a bill introduced before the hearings were held. Instead it is proposed that there be further general investigations on at least 10 different subjects. . . ."

Subjects To Be Explored

I have examined the Committee report carefully, and find the following subjects of which the Committee seems to desire further investigation. Each of these is of considerable importance, and so I will list them for you, briefly:

(1) The growth of institutional investment,

(2) The difference in credit regulations with respect to listed and unlisted securities,

(3) The sale of low priced stocks, including the exemption from registration of issues of $300,000 or less,

(4) The segregation of functions of brokers and dealers,

(5) The operations of specialists on the exchanges,

(6) The operations of floor traders on the exchanges,

(7) The extent to which the Exchange Act has effectively outlawed manipulative activities,

(8) The adequacy of the Investment Advisers Act,

(9) The adequacy of the insider trading provision (Section 16) of the Exchange Act,

(10) Proxy regulations, and

(11) The impact of defense contracts on stock price behavior.

These are the subjects of possible further investigation by the Committee. Some have been studied exhaustively in the past, such as segregation of brokers' and dealers' functions and the operations of specialists and floor traders on the exchanges. But others, such as the growth of institutional investment and its impact on the market, and the sale of penny stocks, particularly in the context of the "uranium boom," are more or less virgin territory.

We cannot help but be aware at the Commission that the public—albeit an unsuspecting, willing, trusting, gullible public—may be taken advantage of by some fraudulent and illegal promotions of Canadian and domestic uranium stocks. The truly unfortunate part of these fraudulent and illegal offerings is that they often take place by telephone or mail and are consummated before the Commission's enforcement staff can get at them. Further, people who have been "taken" are often unwilling to admit this to a law enforcement agency. People are reluctant to tell the Commission about being defrauded. This impedes our investigative work. When the illegal or fraudulent offering comes by mail or phone from Canada, there is the additional inherent difficulty of attempting to enforce our anti-fraud law against people—many of them Americans—who are actually in another country.

The more that can be learned about such subjects as these by an impartial and objective study by a Congressional committee with the high standing of the Senate Banking Committee, the better.

Not without importance is a concluding sentence in the minority report of the four Republican Senators I just named:

"However, we do concur in recommending further study by the Committee on over-the-counter markets, speculation in 'penny stocks,' and foreign sales of securities to United States citizens, with the objective of developing specific legislation if needed."

At about the time the Committee report was released, Senator Fulbright introduced a bill (S. 2054) to bring certain unlisted companies having $5 million or more of assets and 500 or more security holders under the reporting, proxy and insider trading provisions of the Exchange Act.

In view of the references to proxies in the report, in view of the fact that the one definitive legislative proposal referred to in the paragraph from the minority report was the bill (S. 879) introduced by Senator Capehart, and in view of the bill (S. 2054) introduced by Senator Fulbright, I think it is a fair inference that the subject of Federal regulation of the solicitation of proxies in listed companies has received a great deal of thought by the distinguished Senators on the Banking Committee of both political parties.

Now what is the significance of all this to corporate secretaries? What does it mean that one of the great committees of the Congress, a committee which 20 years ago participated in bringing forth the securities legislation which has been of such a great influence on the American capital markets, is taking an interest in proxy solicitations in listed companies. Does it mean that Federal regulation of the solicitation of proxies in listed companies has failed? Does it mean that there is about to be some new legislation to improve the techniques of Federal regulation of proxy soliciting? Or does it mean that the Securities and Exchange Commission may revise and improve its existing regulatory techniques which are based upon the statutory provision of Section 14 of the Exchange Act which has been in effect these past 20 years? I ask these questions not because I can answer them definitely or certainly at this time. I can suggest a few approaches. Perhaps some answers will be furnished by corporate secretaries. Perhaps some answers will emerge from the Senate Banking Committee study. Certainly some answers will come from the Securities and Exchange Commission as time goes on. Or, perhaps answers will come from all three.

I'm going to divide up my discussion of the problem into three phases — first legal, second economic and third regulatory.

Alfred E. Smith, who was a great believer in constitutional government, used to say "Let's look at the record."

The Law

One of the basic philosophies of the Commissioners of the Securities and Exchange Commission as it is presently constituted is that the source of our authority stems from the Congress. In each problem we face we say to ourselves first "Let's look at the law."

The law, as it pertains to proxy solicitations in listed companies, is a very broad mandate, a very broad grant of power by the Congress to the Commission. Section 14 (a) of the Exchange Act provides as follows:

"It shall be unlawful for any person, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of any national securities exchange or otherwise to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered on any national securities exchange in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

Notice a couple of points about that statute. In the first line it says "It shall be unlawful **for any person. . . .**" It doesn't say it shall be unlawful for the management, or for directors, or for controlling persons. It says it shall be unlawful for **"any person"** to solicit proxies in contravention of the Commission's rules.

Notice that it says "in contravention of such rules and regulations as the Commission may prescribe." There is no indication of any restriction, any limitation on the rules and regulations the Congress intended the Commission to prescribe. Nor is there an indication of the type of regulation the Congress intended the Commission should devise and promulgate. But, notice that whatever rule or regulation the Commission should prescribe under this broad Congressional mandate was to be a regulation which the Commission should "prescribe **as necessary or appropriate in the public interest or for the protection of investors.**" This last, I think, is of major importance. Throughout all of the statutes the Securities and Exchange Commission administers there flows the thread, expressed in section after section and clause after clause, that the regulation contemplated by the Congress

Continued on page 33

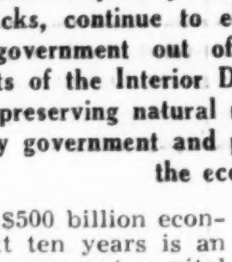
*An address by Chairman Armstrong before the New England Group of the American Society of Corporate Secretaries, Bretton Woods, N. H., June 1, 1955.

The Role of Government In Our Expanding Economy

By HON. DOUGLAS McKAY*
Secretary of the Interior

Commenting on the prospect of a $500 billion economy in the next few years, Secy. McKay points out we can reach this goal only if we act wisely. Says we must stop the State Socialists in their tracks, continue to eliminate bureaucratic controls, and take government out of private enterprise. Reviews achievements of the Interior Department and its role in providing and preserving natural resources. Urges a partnership approach by government and private enterprise in expanding the economy.

The goal of a $500 billion economy in the next ten years is an exciting one. It represents a vital challenge to the Nation's industrial machine.



Douglas McKay

I am sure it is no accident that the theme of this meeting coincides with the hope expressed by President Eisenhower in his State of the Union Message.

The President said — and let me emphasize exactly what he said—"*If we as a people act wisely*, our annual national output can rise within a decade from its present level of about $360 billion to $500 billion, measured in dollars of stable buying power."

"If we as a people act wisely—"

Progress is not automatic. An expanding economy is not inevitable. It requires hard work and daring.

To achieve new heights, there must be freedom and a full exercise of the ingenuity and inventive genius which has marked our country's growth in the past. The goal can be reached, to use the President's words, only if we as a people act wisely.

We must avoid economic policies which would enable inflation to masquerade as true expansion of goods and services.

We must stop the State Socialists in their tracks and keep them stopped.

We must continue to eliminate bureaucratic controls over business and take the Government out of private enterprise.

We must insist upon the application of wise measures, both as to taxation and in Federal spending, which will assure a sound and steady growth of our economic plant.

Under this Administration, expenditures by the Federal Government have been reduced by close to $11 billion. Taxes have also been cut. The reduction voted by the 83rd Congress a year ago was the largest in history.

And in his economic report to Congress earlier this year, the President said:

"Further efforts to reduce Federal expenditures, together with increasing revenue from a tax base growing as the economy expands, should make possible some some additional general tax reductions next year."

Certainly, from the very beginning of his Administration, the efforts of the President have been directed to fostering the expansion of the Nation's economy and protecting the integrity of the people's money.

These policies of the Eisenhower Administration were subjected to a critical test last year when the transition from a war to a peacetime economy caused some tentative economic contractions.

How well the firm policies of the President met the test is now a matter of history. His confidence in the basic soundness of our economy has been completely justified.

I say to you tonight that as a result of the President's leadership, the future of this country has never been brighter or more promising.

We are on the threshold of great things.

I have in mind, of course, this atomic age and the infinite, upsurging progress it has heralded for mankind.

The Role of the Interior Department

In the forward movement of the next decade, the Interior Department has a fundamentally important part to perform, for Interior is the Federal agency chiefly responsible for the Nation's vast store of natural resources.

Any great joint national effort to maintain an expanding economy must depend upon water, upon minerals, upon energy and upon the land and its products. These are the foundation stones of our economy.

Within Interior is the Bureau of Land Management managing and controlling about 29% of the surface area of the United States and much more than half the total area of many of the Western States. Expanding requirements and the shift of the population density westward are resulting in constantly changing and increasing demands for land from the public domain.

Each year for the past five years some 300,000 acres have passed into private ownership by public sale. This land has thus been added to the producing plant of the Nation. It has been placed on the tax rolls for the support of local governments. Such sales are expected to increase progressively in the next decade.

Within Interior is the Bureau of Indian Affairs, with its responsibilities toward more than 400,000 of the Indian population of the United States, together with their millions of acres of land, their minerals and waters. This means the safeguarding of a human resource, the most priceless of all.

Let me cite one example of the Department's activity in this field. After the Eisenhower Administration took office, we discovered that 14,000 out of 28,000 children of school age on the Navajo Reservation had never attended school because of the absence of class room facilities and inadequate teaching staffs.

We laid the problem before the Congress and secured the necessary funds to provide schooling for the Navajo children. We now have the schools, both the dormitory type and trailers to follow the roving families.

Of the 14,000 children who had never gone to school before 1954, there are 9,000 in school now.

By the end of this year, every child of school age on the reservation will have his chance to get an education.

In the years to come, many of these Indians will be prepared to enter the normal life of the community, fortified by knowledge and able to stand side by side with their fellow citizens.

Within Interior is the Fish and Wildlife Service, with responsibilities extending from the North Atlantic to Alaska and to the broad reaches of the Pacific, where the Nation is a participant in various international fishing agreements. It is guardian of herds of elk in Wyoming. It maintains migratory bird refuges across the United States. Its vast services are designed to assure the preservation of the fish and wildlife resources of the country.

But this is also a scientific agency concerned with economic advancements as well. By 1965, it is estimated that America's fast growing population will have reached the stage where 10% more fish and shellfish will have to be drawn from the sea if our nutritional requirements are to be met.

In 1954, the commercial fisheries of the United States and Alaska produced 4.7 billion pounds of fish and shellfish, valued at $345 million to the fishermen. This catch was greater by 250 million pounds in volume or $5 million in value than the 1953 catch. But it was still considerably below the potential.

Assisting the Fisheries Industry

The Department has embarked on an intensive program to assist the American Fisheries Industry to develop increased yields and new sources of supply from the seas around us. Our research is underway in many fields. I am informed that the possibilities are enormous.

For example, scientists have found that there is a miracle health factor in seafood, still so elusive and mysterious it is referred to as the Unknown Growth Factor. Its presence has been established through feeding experiments with livestock and poultry.

Thirty-five pounds of fishmeal, which contains the Unknown F... or ... 350 pounds of corn, will put the same weight on a pig as 640 pounds of corn feed alone. Our scientists are studying this development and working with the industry and with college laboratories in formulating nutritional standards for its use.

The Department is also keenly interested in increasing our supply of protein foods from the sea. The need throughout the world is for more protein, particularly in the depressed areas of Asia and the Far East. In this work, our scientists are striving to alleviate hunger and privation, those two familiar handmaidens of totalitarianism.

Within Interior is the great National Park Service comprising the management of the parks and the national monuments from coast to coast, as well as the historic shrines of the past through which the citizens of today can gain inspiration for still greater accomplishments tomorrow.

This is the one place in the Department humming with industry and activity, where men and women are dedicated to the task of holding back the hands of time. Under their jurisdiction are millions of acres of untouched virgin wilderness from which man's inventions are forever barred.

As long as I am Secretary of the Interior, these wilderness areas will be jealously guarded.

For ever and ever, there must remain in this country great areas for our children's children to visit and exclaim in wonder, as we

Continued on page 42

*An address by Secretary McKay before the National Industrial Advertisers Association, Washington, D. C.

Economic Freedom Should Include Individual Freedom

By WALTER H. WHEELER, JR.*
President, Pitney-Bowes, Inc., Stamford, Conn.

New England industrialist holds Business must be as deeply concerned with the freedom of the individual as with its own economic freedoms. Deplores lack of understanding of the nature of profits, prices, competition, and other aspects of the American economy, and urges businessmen work harder for a better public understanding of economic principles.

It has become almost trite to point out that we in the United States are the last great stronghold of free enterprise and individual liberty. How are we to keep alive this great spirit of freedom—this faith in the integrity and liberty of the individual?

W. H. Wheeler, Jr.

Economically, how are we to preserve more than four million independent enterprises, each of which is constantly striving to find a new or better service or product with which to win the favor of people, and hence keep on lifting our standard of living far beyond the possibilities of any singly-directed economy? What action is needed to preserve this and assure a better tomorrow?

There are two obvious answers provided by the commitments we have already made as a nation. The first is that we have been resisting, and will continue to resist, the subversive forces of world communism. The second answer is equally clear to most of us. We have been helping, and will continue to help, other free nations economically, and we will cooperate with them in our mutual defense.

These two actions, however, only provide us with a partial and defensive answer to the challenge. And both of them are predicated on our ability to maintain a strong and stabilized economy. This, in turn, largely depends on a widespread understanding of it, and satisfaction with it, by all the people who are a part of it. We certainly don't have this understanding and satisfaction yet, although we have made some progress in recent years.

An Uneasy Peace Between Capital and Labor

While our economy is currently strong, an uneasy peace exists between two of its major forces—capital and labor. The third major factor — the farmer — is unhappy and critical. The small business man, the proprietor, is concerned about his status, and the public is largely ignorant of what makes our free economy tick, and also critical of much of it. There is a great deal of misunderstanding between us all which has several times in the recent past threatened to stifle our economy, and can do so again.

We can have another wave of inflation, with all the chaos and injustice and danger it brings; we can have a series of widespread strikes and political infighting; and we might, God forbid, have another serious depression from which we probably never again could emerge free and whole. Whether these things come about depends, I think, on the degree of understanding we can get for our social economy from all the people making it up. If we have this understanding, our technological genius can bring us a decade of progress, the like of which the world has never seen. And, if we can achieve this, and share it, the merit of what we call free enterprise will have so demonstrated itself to the world that little threat of substitution by another system, through war or subversion, should remain. It is up to us.

The Misunderstanding Is Dangerous

The ignorance and misunderstanding we know exists is truly a dangerous thing. It may be no immediate deterrent to our current material progress. But ignorance can be easily translated into industrial strife, unwise legislation, and other stifling government action. The demagogue thrives on ignorance. We've seen this happen. It could happen on a much larger scale in the future if we in business don't take action on a wider front, to earn the confidence of the public, gain its sympathetic ear, and tell it the economic facts of life.

I don't believe any of us would quarrel today with the viewpoint that we who are in positions of business leadership have a responsibility to meet this challenge. I want to discuss with you some of the things that are being done, as well as some of the things I believe we should be doing. But before doing so, I think it would be well if we took a closer look at what underlies the misconceptions voiced here today.

Let's ask ourselves first **why** these misconceptions exist. If we of business are to get more understanding from others, I believe we ourselves should first try to gain a greater understanding of others. Our mythical quartet, wallowing in ignorance, expressed a number of distressing misconceptions and they are typical. The question is, "Why do they have them?"

Let's not be too quick to assume that their misconceptions are the result of propaganda spread by subversive or leftist organizations and individuals. Some of them may be ascribed to deliberate misinformation, but a much larger part of them are the result of our own sins of omission and commission and of the nature of people.

Consider the human side of it for a moment — first as it was shown by Sally, the student and by Jack, the steelworker, the participants in the simulated telecast of interviews. Why do so many young people lean toward the Marxist philosophy and criticize the order of things as they exist?

We must remember that young people, when we have been successful in rearing them, are naturally idealistic, and we should also remember that most of us strived to bring them up that way. Notice how quickly "Sally" converted the Marxist philosophy into her own terms: "Share and share alike." We know this philosophy can mean total government direction of all our lives, and a consequent loss of freedom, if it is applied literally to our economic system. But we should also remember it is a spirit we try to inculcate in our children when they are young.

It is a fine spiritual concept, and one to be strived for and practiced in many areas. However,

Continued on page 43

*An address by Mr. Wheeler before the 43rd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C.

Credit Policies of American Banks In Financing Foreign Transactions

By A. M. STRONG*
Vice-President, American National Bank & Trust Co., Chicago, Ill.

American banks, because of the risks involved, Mr. Strong points out, are unable to supply the intermediate and long-term credit needed by exporters of capital goods in order for them to compete with Japanese, German and other manufacturers. Long-term export credit extended by foreign banks, he says, is made possible through government insurance of the risks and the rediscount policies of their Central banks. Calls attention, however, to the assistance being granted exporters by the Export-Import Bank and cites the bank's first guarantee to an exporter against political risk of nonpayment arising from currency inconvertibility, war or revolution, etc. Details formation of the American Overseas Finance Corporation, organized last April by the Chase Manhattan Bank as an "Edge Act Corporation," for the purpose of making it possible for manufacturers and exporters to extend long-term credit to foreign buyers.

American banks performed an outstanding service in facilitating our postwar foreign trade. They financed a major share of our exports and imports, which between 1946 and 1954 exceeded $252 billion, and serviced the intricate transactions under the United States foreign economic and technical aid programs. The commercial banks have fully satisfied


A. M. Strong

the credit needs of our manufacturers, exporters and importers. There has been no lack of credit facilities for normal international transactions.

Last year's foreign loans reported by U. S. commercial banks were the largest of the postwar period and brought the outstanding total of such advances to $1.7 billion. The substantial increase in the outflow of private capital which amounted to $460 million during 1954, was attributed to an expansion in foreign lending by our commercial banks. About $360 million of last year's increase represented short-term financing and the remaining $100 million, medium term credits fully secured by gold or equivalent collateral. The expansion of foreign financing was occasioned in part by the need of American exporters to offer competitive credit terms to foreign customers and in part by more attractive opportunities for placing funds in foreign money markets.

It is significant that while American exporters have been willing to extend reasonable [illegible] ciation, exchange restrictions and [illegible], a preponderant majority of foreign exporters require irrevocable letters of credit from United States buyers, payable upon shipment. They impose these conditions notwithstanding the stability of the American dollar, the freedom from transfer restrictions, from special remittance taxes or from any other encumbrances.

*An address by Mr. Strong before the Institute on International Trade, University of Illinois, Monticello, Ill., June 7, 1955.

U. S. Exporters at Disadvantage

With the advent of the buyers' market and the economic progress of the industrial nations a new situation has arisen in international competition for foreign trade. European and Japanese manufacturers' began to offer intermediate and long term credit to foreign buyers as a sales incentive. The extension of these terms has been made possible through the assistance of their respective governments, in the form of credit insurance, guarantees and subsidies. It is not unusual for Japanese, German and other European manufacturers to offer five year or longer repayment terms in a sale of machinery which American manufacturers have been selling on sight draft or short credit terms. This new situation has created a serious problem for American exporters of capital goods.

American banks as a rule do not extend intermediate or long-term foreign credit because of the need for liquidity and the greater risks involved. The funds lent by American commercial banks are primarily deposits of their customers, which can be withdrawn on demand, and it has been the policy of prudent bank management to protect its depositors by liquidity of its funds. This policy is also expressed in State and Federal Banking legislation.

To meet foreign credit competition our exporters need intermediate and long-term credit without recourse to them since they cannot immobilize their working capital for extended periods. Our banks cannot assist them. A commercial bank waiving recourse would be financing the buyer in the foreign country rather than its customer. The bank would forego the security of the dollar and the protection of American laws; it would be subject to the hazards of exchange fluctuations and changing regulations. It is of course impossible for a bank to evaluate future conditions, long-term foreign exchange rates and regulations of any given country.

Foreign Governments Insure Risks

The long-term export credit extended by foreign banks is made possible through government insurance of the risks and the rediscount policies of their Central banks. Even with this protection there is dissatisfaction among some foreign bankers. In the fall of last year, the Association of German Bankers issued a warning against the "cold war" in export credit. The German Central Bank tightened up the terms of rediscount facilities for the special 600 million marks export credit fund by requiring the exporter to carry 40% of the transaction. A suggestion was made by a leading German banker that there should be an international agreement among the lending institutions of the industrial nations for the limitation of export credit terms. I think it is a good suggestion.

In many countries, banks are partially or fully controlled by their governments. American banking is fortunately a private enterprise and as such is guided by the principle of profit incentive and the safety of the investment. Our banks consequently select transactions which are safe and offer a reasonable profit. I know of no manufacturer or exporter who would undertake any business which does not offer these incentives. The risks in financing long-term foreign transactions with the underlying security in a foreign country are greater than in domestic trade and the compensation is not commensurate with the risk and work involved. Bank charges for foreign business have not changed for the past [illegible] years, notwithstanding the substantial increase in overhead costs.

Export-Import Bank's Activities

The credit competition by other nations obviously cannot be met at present by utilizing the loaning facilities of American commercial banks. However, considerable progress has been made in providing longer term credit for our export trade. The Export-Import Bank of Washington announced a new policy last year designed to assist U. S. exporters of capital goods to retain their established markets. The Bank stated that the recent shift in international trade conditions from a sellers' to a buyers' market abroad; the increasing importance of export markets to U. S. manufacturers because of expansion of plant capacity; and the increasing credit competition by foreign manufacturers based on assistance provided by their governments are the factors which led the Bank to expedite the extension of assistance to U. S. exporters and to develop procedures to facilitate the financing of individual transactions.

Principal among such new procedures was the adoption of a plan to establish lines of credit for exporters of capital goods of a productive nature. The Bank continues to consider on a case-by-case basis requests for financing on medium or long terms the sale of other types of capital goods. The extent to which assistance is given in the financing of the sale of capital goods which do not make a direct contribution to the dollar position of the importing country, or are not of a productive character, is determined on the basis of the facts existing in the country of the prospective buyer at the time of the request.

Another facility offered by the Export-Import Bank is the insurance of political risks; that is, protection against loss resulting from occurrences beyond the control of the exporter or the importer. Such risks, include failure to pay because of currency inconvertibility, war or revolution, etc. The first such guarantee for $875,000 was issued to the Caterpillar Tractor Company of Peoria, Ill., in February of this year.

The bank assists only U. S. companies and individuals who cannot obtain credit facilities in adequate amounts from commercial banks because of the terms and duration of the credits and it utilizes the facilities of our commercial banks whenever possible for the extension of the loans.

In its recent report to Congress for the period July-December, 1954, the Export-Import Bank stated:

"It is the policy of the Bank to obtain the participation of private capital in its lending operations. Exporters are expected to carry for their own account a reasonable portion of credits extended in their behalf. Private capital participation in the form of equity investment or loans is secured whenever available and appropriate in connection with the Bank's activities. The Bank encourages United States Commercial Banks and other private financial institutions to advance funds, either for their own account or with the guaranty of the Export-Import Bank, to effect loans it has authorized.

"United States commercial banks and other financial institutions have been increasingly active in the extension and administration of credits authorized by the Export-Import Bank. Their assistance in this regard is of great importance in maintaining usual commercial relationships between exporters and importers and banks of their own choosing. In addition, it curtails the use of public funds to achieve the purpose of the Export-Import Bank Act."

Requirements of Exporter

To obtain a credit line from the Export-Import Bank the exporter must furnish full information about his business operations, credit standing and responsibility as well as details about his export sales and facilities which he maintains abroad. The exporter is also required to furnish information on each dealer or customer, which must include a description and brief history of the foreign purchaser, his business organization and management; the types of products imported or sold and the countries in which he operates; annual volume or typical size of sale; if credit was granted, a description of the terms and credit experience; a report on the financial standing of the purchaser giving balance sheets and income statements for the last five years; credit reports from the customers' bank including information on available credit lines and experience.

When a sale made to a foreign government or government entity is to be financed under the credit line, the applicant must describe the political status and economic purpose of the government entity which will purchase the equipment; the use to be made of the equipment and how this use will improve the economy of the importing country; any special revenues or appropriations which will provide for amortization of the debt; and if the purchasing

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THE MARKET . . . AND YOU

By WALLACE STREETE

Industrials made their long-awaited new high for all time this week, forging to the best standing in history. It was dulled slightly by the trouble the rails had posting a new closing high, but was enough to confirm, although real early, the existence of a "summer rally" which has come to be one of the more reliable seasonal market movements.

* * *

Steels Lead Buying

The spark that turned the trick was buying in the steels once the Ford labor dispute was settled peacefully, to indicate that the heavy auto makers' orders would keep flowing to the steel mills. Bethlehem Steel was a leader, carving out some of the better multi-point gains for a day's work, but it had plenty of company. U. S. Steel was in good form although it, too, has a sizable problem of its own labor negotiations at hand. Minimizing the labor implications was the fact that contracts in that field don't expire this year but are only opened for discussion of wages, which minimizes the labor problem for them. U. S. Steel, in fact, was prominent as the member of its group able to post new highs most easily.

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Other metal shares were quick to join the steels on the runup and none was more spectacular than Reynolds Metals. This issue, available at a shade above $50 last year, rushed across the $200 line to join that somewhat exclusive club. Of the common stock issues that trade with some regularity, there were only five others in the "200 club" including duPont which just nudged into membership recently, then reacted, but was back in the group solidly again this week. Reynolds' gains ran in big doses of up to around a dozen points at a clip. U. S. Foil, which has large holdings of Reynolds and trades on the junior market, was able to keep pace fully.

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Whirl in Aluminums

Aluminum shares generally were given a good whirl with Kaiser Aluminum and Aluminum of America able to mount good gains running several points at a clip. Alcoa, particularly, has been steadily working into historically high ground. The present price tag on the shares is some 150% higher than the best posting achieved by the old stock before the 2-for-1 split of 1953. Kaiser, available at the equivalent of less than $10 for the present shares last year, now is triple that price. Anaconda kept the coppers in the swim by making the new highs list.

* * *

Motors Subside

Motors that had a good deal to do with starting the upturn, had a trying time after a brief fling. Some of the implications of at least a guaranteed semi-annual wage were dour, particularly for the independents who will have a harder time footing the bill than the better-heeled companies. American Motors and Studebaker-Packard were quick to reflect this caution with appearances on the lists of new low prices for the year. Even the listed issues of the Big Three had their problems, and Chrysler was quick to subside after a brief celebration over the labor peace. General Motors maintained fair buoyancy even though it was the next bargaining target once the Ford pattern had been set.

* * *

Chemicals put on a good show of rotating leadership with fresh candidates ready to take over the leadership when other issues tired. DuPont achieved some of the better gains per session, running as much as several points at a time. Gains were tempered by a rather cautious view taken of the issue by a good number of market students because of the 3% yield which, without added "sweetening" by the company, would leave it in what might be classed a sub-standard yield bracket.

* * *

Aircrafts Strengthen

The aircrafts seemed at least temporarily to have gotten over the fears and disinterest that made them a discouraging group last week. Boeing was able to recover a bit smartly at times and North American Aviation was one of the more buoyant issues. In fact, the plane stocks have been shaken out enough to warrant some rather guarded buy recommendations from some of the houses which helped improve sentiment over them.

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Defense issues generally weren't overly popular and were able to show an issue here and there in the minus column even when the market generally was making progress. Newport News Ship and Bath Iron Works were among the issues prominent in ignoring strength.

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The rails that made progress weren't those used in the stock averages, accounting in part for the less enthusiastic action by this index. Texas & Pacific Rail and Missouri Pacific, along with the preferred of Mo-kan-Tex — Katy —were able to make appearances on the new highs list which is a feat that few of the "average" issues attempted. The cautious attitude toward the carriers could be traced in part to the hearings on freight rates underway this week before the Interstate Commerce Commission and the tales of woes being recited before that body.

* * *

Pay-As-You-See and TV Issues

A measure of interest was spurred in the television section by similar governmental hearings over the feasibility of pay-as-you-see video. Zenith was subjected to some of the wider swings as the anti-pay faction unlimbered its big arguments. Some of its abrupt declines were drastic and recovery was somewhat limp, coupled with the purely technical situation of going ex-dividend early in the week, all of which kept the stock a good dozen and a half points under its year's best. Radio Corp. ran into trouble despite the subscription television debate, a somewhat logical development after its recent good strength. Motorola was in action with some repeated new highs on good gains.

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The utility section showed little promise of reforming from its definitely laggard ways and, like the rails, did even less to encourage the industrial breakthrough to new high ground. High-priced Peoples Gas, along with the weight of its rights offering, seemed far more ready to test its year's low than to attempt anything spectacular in the way of strength. The Edisons — Commonwealth and Consolidated—were backing and filling for the most. United Gas Corp. has built up in a nearly half a year's trading a range of only around four points and rested at the low.

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Eastman Kodak took turns at being a casualty and a favorite with fine impartiality. Nevertheless, the issue is in historically high ground after some years of disinterest that kept it one of the ignored stocks until it broke out of a narrow range last year.

* * *

Oils offered little in the way of sustained moves with only Standard of Ohio making any threats at joining the new highs. Sunray Mid-Continent was one of the more active in the group but, while its price action was buoyant, it was far short of being anything spectacular.

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Short-Sellers Hooked By Merger

The Sperry Corp.-Remington Rand group continued to make up a good share of the trading with sympathetic price moves by the others when any one of the three ways of trading in the situation built up good price action. Remington Rand was able to forge out some new peaks on its own hook with both the old Sperry Corp. shares and those that will be left after the merger, Sperry-Rand, both joining it in the highs lists. Sperry-Rand was the most active of the three after topping the list in activity each day last week after it came to listing, and resuming an appearance at the head of the list this week after one day's lapse. It all had the appearance of causing much distress for the unlucky short sellers in any of the issues.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

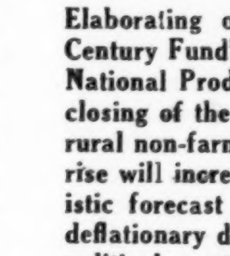
The American Economy During the Next Ten Years

By LEO FISHMAN*

Professor of Economics and Finance, West Virginia University

Elaborating on the projections contained in the Twentieth Century Fund's 1960 forecast, Dr. Fishman anticipates a Gross National Product of $465 billion by 1965. Looks for gradual closing of the gap in money income distribution of rural farm, rural non-farm and urban families. Says continued population rise will increase the demand for farm products. Bases optimistic forecast on maintenance of peace and absence of non-deflationary developments, also confidence that leaders of both political parties will maintain conditions conducive to a healthy economy.

A 10 year period is not a long one in the life of a nation, yet it is a period long enough for great economic changes to take place. Consider the impressive economic gains of the past five years alone. In the five years period from 1949 to 1954, the last year for which official data are available, Gross National Product, that is the sum total of all goods and services produced for the market economy, both for the private sector and the public sector, rose from a level of $291 billion in terms of the present price level to a level of $357 billion, an increase of $66 billion. This notable increase in the physical quantity of production was made possible by a rise in employment accompanied by new increases in productivity per man hour.



Leo Fishman

However impressive the rise in the level of Gross National Product during the past five years, it is probably not much more than we can reasonably expect to achieve during the next five years and during the five years period following that. In the recently published volume, "America's Needs and Resources," J. Frederick Dewhurst and his associates at the Twentieth Century Fund forecast for 1960 a Gross National Product of $414 billion in terms of present prices. The anticipated rise of $57 billion in Gross National Product between 1950 and 1960 will be made possible by a rise in employment of 10 million, and a continued increase in man-hour productivity. Mr. Dewhurst and his associates anticipate that by 1960 the workweek will have been reduced from 40 hours to 37.5 hours, and that the level of unemployment will rise to 3.5 million. If not for these factors, their estimates of Gross National Product for 1960 would have been even higher.

At a time when there are close 70 million persons employed, 3.5 million unemployed do not constitute a serous problem. In fact, that figure is probably close to the irreducible minimum necessary to provide for the labor requirements of seasonal industries and for other contingencies.

GNP in 1965

In view of developments of the recent past and the Dewhurst forecast for 1960, it would seem reasonable to expect a further, but somewhat more moderate, increase in Gross National Product between 1960 and 1965. On the basis of some rough calculations which presuppose a further rise in employment, a slowng down in the rate of increase in man-hour productivity, and a further decline in hours work per week, it seems possible that by 1965 Gross National Product will be about $465 billion. If this rise does occur, the citizens of this country will experience a further substantial improvement in their material well-being.

According to the preliminary results of a survey made by the Board of Governors of the Federal Reserve System in cooperation with the Survey Research Center of the University of Michigan, there was a marked tendency for consumer units to move up the income scale between 1950 and 1955. Their findings indicate, for example, that although in 1950 as much as 84% of the consumer units had money incomes of less than $5,000, in 1955 only 68% of the consumer units had money incomes of less than this amount.

Closing Income Gap

Mr. Dewhurst apparently believes that the same forces which accounted for the movement up the income scale between 1950 and 1955 will continue to make their influence felt between 1955 and 1960. Separate income distributions for urban, rural non-farm and rural farm families are included in his study. All of them reveal the same tendency towards a general rise in income levels. The increase is most marked in the case of rural farm families, who in 1950 were more

Continued on page 41

*A talk by Dr. Fishman before the West Virginia Congress of Agriculture, Jackson's Mill, W. Va., May 18, 1955.

Public Utility Securities

By OWEN ELY

Rockland Light & Power Company

Rockland Light & Power Company, with annual revenues of nearly $10 million, is now enjoying a period of unusually rapid growth due to the opening up of the New York Thruway and other new express highways. Because of operations in three states it has two subsidiaries. The adjacent areas served by the system extend from the southeast in Bergen County (New Jersey) at a point about six miles north of the George Washington Bridge, northerly along the west bank of the Hudson River to a point near the Bear Mountain Bridge. From the Hudson, the territory in New York State extends westward to the Delaware River, including all of Rockland County and parts of Orange and Sullivan Counties. The area served by the New Jersey subsidiary, Rockland Electric Company, extends northwestward from the Hudson River covering the northern portion of Bergen County and a small area in the northwestern corner of Sussex County, New Jersey. The other subsidiary, Pike County Light & Power, serves Pike County, Pennsylvania, being bordered on the north and east by the Delaware River, and extending from Matamoras to Milford. Altogether the territory covers about 800 square miles.

Rockland Light & Power Company renders electric and gas service in nearly all of Rockland County and in parts of Orange County, with electric service (only) in Sullivan County. Rockland Electric renders electric service, and Pike County Light & Power serves both electricity and gas in Matamoras and electricity in Milford.

The New York Thruway traverses the eastern section of the company's area, crossing the Hudson River a few miles south of the company's office in Nyack. The road will be completed this year and connections are now being planned with the New Jersey Turnpike, the Garden State Parkway, and the New England Thruway. Thus the area will have direct access to all major centers in the east over hand-speed highways. The Palisades Interstate Parkway, to be completed in 1956, also crosses the eastern part of the territory. Completion of these roads should afford a future stimulus to the company's business, providing transportation into an area with a favorable climate, abundance of water, and undeveloped land suitable for homes, commercial enterprises, and factories. The Erie Railroad and West Shore Railroad provide rail facilities.

The company has been developing substantial generating capacity to prepare for this growth. In 1948 it had only four hydro plants and one small steam plant, with total capability of 36,000 kw. The Tomkins Cove plant was built, with one generator of 24,000 kw. steam capacity completed in 1949 and a similar one in 1951. Work has started on a third unit of 70,000 kw. A new 18,000 kw. hydro plant is also under construction, using New York City's drinking water (en route to the City) to generate electricity. With all these new units completed the company will have total capability of 172,000 kw. or nearly five times as much as in 1948. It will now be able to sell power to other utilities until its own business absorbs the extra capacity, possibly in 1961. Through its new interconnection with Central Hudson Gas & Electric, the Rockland System is now part of a major power pool in New York State.

Rockland has been one of the earliest and most successful distributors of natural gas. Acquisition of the former Rockland Gas Co. in 1952 added substantially to the gas business, which in 1954 produced 30% of revenues. The company now buys gas under long-term contracts from Columbia Gas and Algonquin Gas Transmission, and also recently entered into a contract for an additional source of supply from Tennessee Gas Transmission, making three sources of natural gas supply.

The company originally obtained natural gas in 1935 when Columbia Gas (in its first expansion program) extended its pipe line close to New York City. Hence it has had 20 years to convert to natural gas and to build up space-heating. Its gas rates are by far the lowest in the Metropolitan area, and it can sell gas for space-heating at a price substantially lower than equivalent coal and oil prices. Consequently, 56% of its gas customers are now using gas for space-heating, and this percentage increases every year. At the present time new space-heating business is increasing at a record-breaking rate.

While the Rockland service area has not been highly industrialized, important new plants are now coming into the area. The company expects to sell over $1 million worth of electricity and gas annually to service the huge new Ford assembly plant now being completed at Mahwah, New Jersey. U. S. Gypsum is building a big plant at Grassy Point on the Hudson, which will use a substantial amount of electricity.

System capitalization as of March 31 was as follows:

	Millions	%
Mortgage Bonds	$30	44
Sinking Fund Debs.	10	15
Total Long Term Debt	$40	59
Preferred Stock	9	13
Common Stock Equity	19	28
	$68	100

For the first quarter of 1955 Rockland's revenues gained 17% and net income 18%. No earnings forecast for 1955 has been issued by the management, but earnings are expected to compare favorably with last year's 80c per share.

Since Rockland's earnings on the year-end net plant account in 1953-54 were only 4% (as reported by Standard & Poor's) there is ample regulatory "room" for improvement. With no equity financing apparently necessary for some time (since the construction program can now taper off) share earnings are expected to reflect the anticipated rapid growth in the area.

The stock is currently quoted over-counter around 19½ and pays 60c to yield about 3%.

Joins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Laurie H. Willis has been added to the staff of Bache & Co., Johnston Building.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Kenneth T. Underdahl is now with Dean Witter & Co., Equitable Building.

With Joe McAlister Co.

(Special to THE FINANCIAL CHRONICLE)

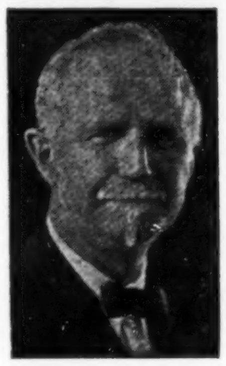
GREENVILLE, S. C.—Hugh V. Walker, Jr. is with Joe McAlister Co., 318 East Coffee Street.

The Rise in Family Income

By ROGER W. BABSON

Mr. Babson describes the sharp increase in family income in the past decade as constituting a social and economic revolution here that "should put Russia to shame." Notes that since 1947 there has been a 70% increase in the number of families with annual incomes of over $4,000 and that a "whopping" 44% of all nonfarm families enjoy an income of between $5,000 and $10,000. Terms real "eye-opener" in economic leveling process underway in past dozen years the fact that only 9.8% of city families make over $10,000 annually.

I wonder if you realize that a far greater social and economic revolution is taking place right under your nose than has taken place in Russia. This is a revolution that should put Russia to shame.



Roger W. Babson

Take a look at what has happened to you. As little as ten years ago did you expect to own a home such as you probably have today? Did you ever expect to have the kind of car that is yours, to go to the places and do the things you've been doing lately? To own the household appliances that are yours? To be able to send your children to college?

A young Babson Institute senior who will graduate this June has had a number of job interviews and several offers. One company offered him an especially good opportunity and we supposed he had accepted their job offer. Upon inquiry, he hedged and said he had not because they were not paying enough. He wanted more than their $300 per month to start because some of his classmates were getting offers of from $325 up. It is nothing short of fantastic the number of technical and business administration college men who will start out this June not with just a diploma, but with a wife, perhaps a child, a car, and a $4,000-a-year job!

Who Is Benefiting Today?

Since 1947 there has been a 70% increase in the number of *families* with incomes over $4,000. Back in 1944 the average *family* earned $4,027. Today, the average for the American *family*, including both farmers and those living in the cities is $5,330. And the average city *family* today earns over $6,000 annually! But most startling of all is the fact that a whopping 44% of all non-farm *families* earn between $5,000 and $10,000 a year. At the other end of the scale, only 30% of all families, including the traditionally low farm-income group, earn less than $3,000. Only 15% of the city *families* are today found in this group. But keep in mind that these figures apply to families living under the same roof, not necessarily to individuals.

But this is not all of the story. The real eye opener is found in the great economic leveling process that has been at work these past dozen years. Fewer and fewer families are making over $10,000. Only 9.8% of our city families make over $10,000.

In short, we have broadened our market base with a greatly increased number of potential buyers of goods and services. This expanded market base in itself should help to keep us prosperous. This, then, is a revolution in earning power. It has already increased the middle-class group of wage earners so that we today have nearly achieved a one-class, middle-class society, with little poverty and few extremely wealthy persons.

Importance of Advertising

Certainly I would be one of the first to admit that pent-up war demand was responsible for the spurt in business right after the war. But, that was over by 1950. What keeps us rolling, now in 1955? Consumer confidence! How people feel about their local, state and national governments, how they feel about the future, whether they have confidence in Washington — these psychological factors have had a great deal to do with our good business. Newspaper advertising has created a climate of confidence in which it has been possible for us to consume our way to prosperity.

Businessmen and manufacturers are optimistic, too. When they spend money for new stores, new plants, and new machinery, we know times are good. And business plans to spend about 5% more on these things in 1955 than it spent in 1954. When projecting plans into the future, most manufacturers feel that business will be sufficiently good to necessitate a further 10%-12% addition to their productive capacity between 1956 and 1958. Yes, it is a tremendous revolution that we are part of, a revolution that makes our standard of living almost unbelievable to most other parts of the world. Character, education and advertising are the basic forces needed to have prosperity continue.

One Minute Please... Click! Click!

Oliver J. Troster

Col. Oliver J. Troster (Troster, Singer & Co., 74 Trinity Place, New York City) is following his old time hobby of taking on the spot pictures with his Polaroid Land camera. He is also expert in trading the stock. Those that called on the Colonel get the three-for-one treatment — their pictures taken, particulars on the Polaroid Corporation and the latest quotation on the stock.

Elected Director

LOS ANGELES, Calif. — G. Donald Murdoch of Dempsey-Tegeler & Company has been elected to the board of directors of Precision Radiation Instruments, Inc., of Los Angeles, according to Leslie M. Norman, President.

Now With Adolph Thorsen

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Fremont O. Breitengross has become associated with Adolph G. Thorsen, 735 North Water Street, Mr. Breitengross, who has been in the investment business for many years, was formerly with Marshall Company.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Guaranty Trust Company of New York announces the appointment of Bernard F. Curry as a Trust Officer and of Robert C. Mervine as an Assistant Treasurer. Mr. Curry has been associated since 1947 with the law firm of Davis Polk Wardwell Sunderland & Kiendl. Mr. Mervine joins Guaranty after eight years' service with **Chemical Corn Exchange Bank**, where he has been an Assistant Manager. Earlier he was with **Yokohama Specie Bank, Ltd.**, in New York, and with Sperry Corporation.

Bernard F. Curry

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Three promotions and six new appointments to the official staff of **Bankers Trust Company of New York**, were announced on June 7 by S. Sloan Colt, President. Elevated to the post of Assistant Vice-Presidents were Arthur B. Griffin, Jr., formerly an Assistant Treasurer, assigned to the company's Park Avenue branch, and E. G. Grimm, formerly Assistant Treasurer, who is with the company's Letter of Credit Division. Promoted to the post of Assistant Manager of the London branch was David Summers, formerly Auditor of the Overseas office of Bankers Trust Company. Mr. Griffin joined the organization in 1951, Mr. Grimm in 1916, and Mr. Summers in 1926.

In addition to the recent promotions, four new Assistant Treasurers in the ocmpany's banking department were elected. They are Robert F. Ahlborn, with the company since 1932 and assigned to Operations; C. Barse Haff, with the Southwest District of the Out-of-Town Division, who began his association with Bankers Trust in 1951; Frank Mauro, of the Metropolitan Division, who started with Bankers Trust Company in 1950; and William L. Rockholz, Amusement Industries Group. Mr. Rockholz joined the staff in 1949. Also appointed to new posts were William B. Kehrt, named Chief Engineer of the Building Department and S. C. Wisely, appointed Auditor of the London Office. Mr. Kehrt joined the ocmpany in 1952 and Mr. Wisely in 1934.

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J. Doyle DeWitt, President of The Travelers Insurance Companies, has been elected a member of the board of directors of **The Chase Manhattan Bank of New York**, John J. McCloy, Chairman, announced on June 2. Mr. DeWitt will succeed Francis W. Cole, former Chairman of Travelers, who is retiring as a Chase Manhattan director. Mr. DeWitt is a director of **The Hartford National Bank and Trust Company in Hartford, Conn.**, and is a trustee of the Mechanics Savings Bank there. He also is a director of two Hartford industrial concerns, Holo-Krome Screw Corporation and Veeder-Root, Inc. He is an active participant in the direction of many community institutions at Hartford. He has been associated with The Travelers Insurance Companies since 1925.

* * *

Irving Vogel, Manager of the Prince Street at Broadway branch, of the **Chase Manhattan Bank of New York**, and Donald L. MacConnach of the trust department of the bank have been appointed Assistant Vice-Presidents of the bank, it was announced on June 1. Also named to the bank's official staff were Oddie T. Olsen, Real Estate Department, and Edward T. Phelps, Retirement Division, who were appointed Assistant Treasurers. In the Trust Department, Charles F. Blake was promoted to Custody Officer and Elbert Wilbert Jr. was appointed a Pension Trust Officer. Carl B. Noyes was made an Assistant Treasurer at the Garfield branch, Fifth Avenue at 23rd Street, and William H. Promann was named Manager at the bank's branch in Frankfurt/Main, Germany.

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The Times Square Branch of **The First National Bank of New York** has been renamed the Broadway-40th Street Branch; the bank moved into new quarters on June 6 on the site of the Empire Theatre, a short block from its previous location. Unusual off-beat color schemes feature the new home which was designed by Maria Bergson Associates and the bank's architects. For nearly half a century the branch has served leading stage personalities as well as an important segement of the textile industry. Walter Brotherton, a veteran of 35 years with First National City, is Vice-President in charge. He has spent 23 years with the Times Square office. The bank has 73 branches in Greater New York and 59 in 20 foreign countries.

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Irving Trust Company of New York, has just completed the remodeling of its branch office in the Woolworth Building. This completely modernized office on Broadway in the City Hall area now offers its customers the latest banking appointments. Irving has maintained complete banking facilities in the Woolworth Building since it was opened in 1913. Hugh M. Marsh, Jr., Vice-President, is the Officer in Charge.

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The appointment of Frank R. Abell and W. Gordon Innes as Assistant Secretaries of **Manufacturers Trust Company of New York**, was announced on June 3 by Horace C. Flanigan, President. Mr. Abell entered the service of the bank in May 1950. He is a graduate of the University of Louisville and received his Masters Degree at Columbia University. He is assigned to the Security Analysis Department at the bank's Main Office. Mr. Innes joined the Trust Company in July 1935. He attended New York University and Trinity College (Hartford, Conn.). He is assigned to the Branch Administration Department with headquarters in Brooklyn, N. Y.

On June 6 the appointment of Daniel I. Sargent as an Assistant Treasurer of Manufacturers Trust Company was announced by President Flanigan. Mr. Sargent is a graduate of Brown University and came to the bank in February 1955. Prior to joining Manufactureres Trust, Mr. Sargent was associated with Management Advisory Services, a division of Price Waterhouse & Company. Mr. Sargent will be assigned to the bank's Domestic Department and his territory will embrace the State of Pennsylvania.

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At the regular meeting of the Board of Directors of **City Bank Farmers Trust Company of New York** held on June 7, William H. Scarbrough and John A. Scheidel were appointed Assistant Trust Officers. Mr. Scarbrough is assigned to the Fifth Avenue Branch of the Trust Company and Mr. Scheidel to the Real Estate, Bond and Mortgage Department at the Trust Company's Head Office.

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At a meeting in New York on June 8 the Board of Directors of **Marine Midland Corporation** declared a quarterly dividend of 20 cents a share on the common stock of the corporation payable July 1, to stockholders of record June 17, 1955. They also declared the regular quarterly dividend of 50 cents per share on the 4% convertible cumulative preferred stock, par value $50.00 per share, payable July 15, to stockholders of record June 17, 1955.

The directors also approved a plan for the acquisition of the capital stock of the **Auburn Trust Company, Auburn, N. Y.** whereby Marine Midland Corporation offers to exchange four shares of its common stock for each share of the capital stock of the Auburn Trust Company, of Auburn, N. Y. The plan has been approved by the Auburn Trust Company directors and is subject to subsequent approval by the regulatory banking authorities as well as acceptance by the Auburn Trust stockholders. The Auburn Trust Company was established in 1906 and its total assets are reported in excess of $21,000,000. It operates offices in Auburn and Port Byron, N. Y. The President of the bank is Eugene C. Donovan. Acquisition of the bank by Marine Midland Corporation would be followed by its merger with the **Marine Midland Trust Company of Central New York.**

It was also announced that at the same meeting Harold C. Brown of Elmira was elected Comptroller of Marine Midland Corporation. He was formerly Vice-President and Comptroller of the **Marine Midland Trust Company of Southern New York.** With his new position he will reside in Buffalo where the headquarters of the corporation are located. Mr. Brown began his banking career in 1922 with the **Second National Bank of Elmira, N. Y.**, which subsequently became the **Elmira Bank & Trust Company** and is presently a part of the Marine Midland Trust Company of Southern New York. He was made Auditor in 1929 and in 1948 was elected Comptroller with the added title of Vice-President since 1952.

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George C. Johnson, President of **The Dime Savings Bank of Brooklyn, N. Y.**, announced on June 1, that at a meeting of the Board of Trustees of "The Dime," Mr. Arthur J. Miles was appointed Assistant Auditor. Mr. Miles entered the employ of "The Dime" in 1938. He has served in various capacities in the Flatbush Branch and Main Office including those of Teller, Senior Auditor and Chief Supervisor. He has been a member of the Savings Banks Auditors and Comptrollers Forum since 1948 and has served on the Cost Analysis and Tax Conference Committees of that organization.

The Dime Club, composed of 570 officers and employees of **The Dime Savings Bank of Brooklyn, N. Y.** has elected the following new officers for the coming year: Francis J. Kenna, President; Hugh J. White, Vice-President; Dolores A. Daken, Secretary and Howard W. Polock, Treasurer. The Dime Club was organized in 1933 by a group of employees to further social relationships among members of the bank's personnel.

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Ralph T. Tyner, Jr., President of **National Bank of Westchester, in White Plains, N. Y.**, announced on June 1, that the Comptroller of the Currency in Washington, has approved the bank's application for offices to be opened in Hawthorne and West White Plains. These two offices, together with an additional installation in Tarrytown previously approved will bring the total number of National Bank of Westchester offices to 14. Plans for Hawthorne office call for its opening by July 1. Quarters have been secured at 361 Elwood Ave., Hawthorne, and complete banking facilities will be available there. The West White Plains office, which will be located on Central Ave. opposite Cleveland St., is presently scheduled to open about Dec. 1. Also scheduled for opening at that time is the new office to be constructed at the juncture of Tarrytown Road and Route 9, adjacent to the New York State Thruway.

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As of May 26, the **Union Market National Bank of Watertown, Mass.**, reports a capital of $900,000, raised from $750,000 by a stock dividend of $150,000.

* * *

The National State Bank of Newark, N. J., is offering to its shareholders of record June 3, 45,000 additional shares of its capital stock of $25 par value at $91 per share on the basis of one new share for each three shares held. Subscription warrants expire on June 24. A group of underwriters headed by Clark, Dodge & Co. will purchase any unsubscribed shares. Giving effect to the current issue, capitalization of the bank will consist of 180,000 shares of $25 par value capital stock. Associated in the underwriting are: Union Securities Corporation, Adams & Hinckley, Nugent & Igoe, Julius A. Rippel, Inc. and Parker & Weissenborn, Inc.

In our issue of June 2, page 2562, reference was made to the approval by stockholders of the plans to increase the capital funds of the bank. With the present offering of 45,000 shares of the capital stock, $25 par, the following information pertinent to the offering is contained in the circular:

In accordance with the recommendations of the Board of Directors and pursuant to authorization by the special meeting of shareholders held on May 23, 1955 and approval by the Comptroller of the Currency, 10,000 shares of capital stock were distributed as an 8% stock dividend to shareholders of record at the close of business on May 23, 1955, thus increasing the capital stock from 125,000 shares to 135,000 shares. In addition, the special meeting of shareholders authorized an increase in the capital stock of the bank from 135,000 shares to 180,000 shares. The 45,000 additional shares of capital stock, $25 par, so authorized are to be offered at $91 per share to all shareholders, pro rata, on the basis of one additional share for each three shares of capital stock held of record as of the close of business on June 3, 1955 after giving effect to the 8% stock dividend. Issuance of the 45,000 additional shares of capital stock is subject to approval of the Comptroller of the Currency.

* * *

Paul M. Canada, Assistant to the President of the **Passaic-Clifton National Bank & Trust Co. of Clifton, N. J.**, died on June 3. He was 58 years of age, according to a Summit, N. J. staff correspondent of the Newark "Evening News," from whose account we quote:

Born in Albany, N. Y., Mr. Canada spent his early life in New England and moved to Summit 15 years ago.

He became associated with the bank in 1944 as Assistant to the President, George Young Jr. In that capacity he was in charge of public relations. During World War II he served with the U. S. Treasury Dept. in charge of promotion for sales of war bonds in New Jersey. Before that he worked for Merrill Lynch, Pierce, Fenner & Beane, New York brokerage firm.

Mr. Canada was a director of both the Passaic and Clifton Chambers of Commerce. He also was a member of the Passaic Rotary Club, the public relations committee of the Passaic County Bankers Assn., etc.

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Increased by a stock dividend of $50,000, the **Little Falls National Bank of Little Falls, N. J.**, on May 24 enlarged its capital from $150,000 to $200,000.

* * *

A merger of the **First Camden National Bank & Trust Co. of Camden, N. J.**, and the **Pennsauken National Bank of Pennsauken, N. J.**, has been approved by the directors of the two banks according to the Philadelphia "Inquirer" of May 29, which added that the stockholders of the two banks will vote on the proposal at meetings on June 28. Further details were given as follows in the "Inquirer":

"Pennsauken National will be operated as the Pennsauken office of First Camden National. The consolidation will give First Camden National five banking offices in Camden and surrounding communities.

The terms of the consolidation calls for exchange of 1½ shares of First Camden National stock for each share of Pensauken National. The merger will give First Camden National Bank capital funds aggregating more than $5,700,000 and asset valuation reserves for loans and discounts of approximately $1,500,000.

Edwin T. Ferran, President of Pennsauken National, will become a Vice-President of First Camden National.

* * *

Jason L. Fenimore, Comptroller of the **Bryn Mawr Trust Company of Bryn Mawr, Pa.**, died on May 25. He was 57 years of age, it is learned from the Philadelphia "Inquirer"; according to that paper he became associated with the trust company three years ago, and before that he was Secretary and Treasurer of the **Wayne Title & Trust Company of Wayne, Pa.**

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The capital of the **Blairsville National Bank of Blairsville, Pa.**, has been increased, as of May 25, from $150,000 to $225,000 as a result of a stock dividend.

* * *

A stock dividend of $250,000 has served to double the capital of the **Empire National Bank of Clarksburg, West Va.**, which as of May 25 is announced as $500,000 compared with $250,000 previously.

* * *

The Peoples Bank & Trust Company of Indianapolis, Ind., opened this week its remodeled banking quarters, at the same address as heretofore, 130 East Market Street, invitations to the inspection of which were extended by the entire force of the bank, directors, officers, department managers and staff members.

* * *

The Industrial National Bank of Detroit, Mich., has by the sale of $250,000 of new stock, raised its capital from $2,500,000 to $2,750,000, effective May 26.

* * *

The capital of the **First National Bank of Camden, S. C.**, as of May 27, was enlarged to the extent of $60,000, $50,000 of the increase having been due to a stock dividend of that amount, while $10,000 of the increase represented the addition accruing from the sale of new stock, as a result the

capital is now $160,000 compared with $100,000 previously.

* * *

Robert H. Seal has been elected Assistant Vice-President of **The Gross National Bank of San Antonio, Texas.** He assumed the duties of his new position on June 1.

* * *

President S. Clark Beise, of the **Bank of America, San Francisco, Calif.,** announces the completion of arrangements for early delivery to the bank of a large scale general purpose electronic data processing machine. This, Mr. Beise explained, is a major, high-speed computer of the kind popularly called "Electronic Brain." He described it as the latest model of a machine of tremendous capacities, capable of the mass processing of business data at lightening speed. Pre-installation work is now in progress at the bank's data processing center, 500 Howard Street, San Francisco where the equipment will occupy 8,000 square feet of specially fabricated floor space.

When operating systems have been fully installed the equipment, according to the bank, will also save time by permitting transfer of much statistical branch reporting to the data processing center, thus reducing routine clerical duties and permitting more devotion of staff effort in branches to better customer relations.

* * *

The Canadian Bank of Commerce, head office **Toronto,** announces that G. B. Currie has been appointed an Assistant General Manager at the main office in Toronto. Mr. Currie served with the Royal Canadian Navy during the last war and after graduation from McMaster University, joined the bank in 1947. Following earlier experience in branches and at the head office, he served successively as Assistant Manager in Hamilton, Inspector at the head office and Assistant Manager of the main Toronto branch.

* * *

Henry S. Wingate, of New York, President of the International Nickel Company of Canada Limited, was on June 7 appointed a director of the **Bank of Montreal,** head office **Montreal.** Mr. Wingate, who joined International Nickel 20 years ago, became President of the company and of its United States subsidiary in 1954. He is a director of various other companies, is a trustee of the **Seamen's Bank for Savings, New York,** and is interested in a number of New York's community organizations.

H. O. Peet Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Ray A. Ricketts, Jr. is now with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges.

With Edward D. Jones

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Paul C. Uhlenhop has joined the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Gardner Dalton Adds

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — John R. Kurtz has been added to the staff of Gardner F. Dalton & Co., 735 North Water Street.

Now With Elworthy Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— Francis H. White has become affiliated with Elworthy & Co., 111 Sutter Street.

Sterling Convertibility and The British Election Result

By PAUL EINZIG

Dr. Einzig points out the Conservative Party victory in the British elections indicates favorable prospects for a return to convertibility of sterling. Says aim is to return to convertibility at the earliest possible moment, but strikes of dockers and railway men may mean further delay.

LONDON, Eng.—The fact that the result of the general election on May 26 confirmed Sir Anthony Eden's Conservative Government in office for a further period up to five years is liable to affect the prospects of sterling to a considerable degree. Had the Socialists gained control there would have been major changes in the British monetary policy. Mr. Gaitskell would have taken the earliest possible opportunity for lowering the bank rate. This would not have been easy, because a Socialist victory would have resulted in an adverse pressure on sterling, and such a pressure would have become aggravated by a badly timed reduction of the bank rate. Nevertheless the Socialists are heavily committed to cheap money policy, so that they would have felt impelled to act without much delay. They would have reinforced exchange restrictions, and they would have restricted imports, in order to be able to lower the bank rate without risking an unduly large reduction of the gold reserve through the withdrawal of funds kept here because of the high bank rate.

Dr. Paul Einzig

Convertibility would have been indefinitely postponed by a Labor government. While in opposition, Mr. Gaitskell made no secret of his hostility towards the idea. Possibly as a Socialist Chancellor of the Exchequer he would have felt impelled to pay lip service to the ideal of convertibility, emphasizing at the same time that conditions would not be favorable for its adoption for a long time to come.

The Labor party is known to be hostile to the idea of a flexible pound. Mr. Gaitskell would prefer to make changes, if necessary, by occasional devaluations or revaluations rather than allow sterling to fluctuate freely and to find its own level. On the other hand, Mr. Gaitskell would have withdrawn official support from the markets in transferable sterling and would have allowed the rates of such sterling to find their own level.

Now that Mr. Butler has been confirmed in office, he will be able to pursue his monetary policy. His aim is to return to convertibility at the earliest possible moment. It is understood that some of his advisors are, or were until quite recently, of the opinion that the favorable impression created by a Conservative victory would provide the right psychological moment for resuming convertibility. The natural trend was expected to be firm, so that there would be no heavy initial withdrawals following on the return to convertibility. Unfortunately, the coincidence of the Conservative victory with two major industrial disputes has complicated the situation. It would be a mistake to remove the remaining exchange restrictions on sterling held by overseas countries just at the moment when the balance of payments of the United Kingdom is liable to be gravely affected by the strike of dockers and railwaymen.

Possibly as a result of these strikes the government may have to miss the psychological moment for the restoration of convertibility. Even so there is every reason to believe that Mr. Butler now intends to take that step at the earliest possible moment. The first move in that direction will be the raising of transferable sterling rates to parity with the official sterling rates. If this parity is maintained, then sterling would become convertible for practical purposes. The government would, of course, reserve the right of abandoning the artificial support of transferable sterling. Legal convertibility may have to wait until a favorable moment when it will be considered safe to assume such a commitment.

It would be difficult to forecast the date of convertibility. What is important is that, while until quite recently well-informed circles were thinking in terms of 1956, now they believe that convertibility will be resumed in the very near future. Should the strikes in progress at this writing damage Britain's economy to a considerable extent, however, they may have to revise their forecast.

There is reason to believe that the authorities have reverted to the idea of a flexible sterling rate. That idea was part of the Commonwealth convertibility plan, but later it faded into the background. Now the Chancellor of the Exchequer is inclined once more towards combining the return to convertibility with the relaxation of the present rigidity of sterling. This does not mean that the authorities would like to allow sterling to fluctuate freely as it did before the war. They merely want to widen the existing limits of \$2.78-\$2.82 for the sterling-dollar rate. It remains to be seen whether the new limits would be announced or whether they would constitute a closely-guarded secret. It seems probable that the authorities would prefer to keep speculators in ignorance of the limits.

In the sphere of domestic monetary policy, the British electorate has now endorsed the government's policy of making extensive use of the bank rate as a weapon to regulate economic trends. Should there be no adequate improvement in the balance of payments, the bank rate may be raised further before it is reduced. At the same time, it would be made more effective by the adoption of a policy of credit restrictions. Hitherto the high bank rate did not prevent banks from maintaining the volume of credit, and even expanding it to some extent. Should the existing inflationary conditions continue, the Treasury and the Bank of England may take steps to curtail credit facilities.

Should the rail and dock strikes become prolonged, their effect on consumers' purchasing power may of course obviate the necessity for deflationary monetary measures. But if the boom continues the government is now politically in a position to adopt, if necessary, unpopular measures to check it, for the sake of safeguarding the balance of payments. In 1952, a few months after the general election of October, 1951, firm action was taken to reverse the outflow of gold, even though this entailed some temporary part-time unemployment. Possibly history may repeat itself in this respect.

$74,000,000 Florida Turnpike Authority Bonds Being Marketed

The First Boston Corporation and 196 associates are offering \$74,000,000 of 3¼% Florida State Turnpike Authority revenue bonds due 1995 at par. The issue was won at competitive bidding June 7, on a bid of 98.32%.

Proceeds from the sale of these bonds are to be used for the construction of the Authority's Project No. 1, a 104-mile toll road, which is envisioned as the first link in the north-south Sunshine State Parkway expected to extend in the future to north of Jacksonville. The route of Project No. 1 starts at its southern end with a connection to Route U. S. 441 one-half mile south of Hollywood Boulevard, a point north of Miami. It then runs in a northerly direction to terminate at Route Florida 70 west of Fort Pierce. At the intersection of Routes U. S. 441 and Florida 9, an existing interchange provides direct access to major routes leading to Miami, Miami Beach and other metropolitan and developed areas.

Dated April 1, 1955 and maturing April 1, 1995, these bonds are redeemable through operation of the Bond Redemption Fund at prices ranging from 103½% from April 1, 1960 to 100% after March 31, 1980 and by other means at prices ranging from 103½% after March 31, 1962 to 100% after March 31, 1982.

Estimated revenues for Project No. 1 range from \$4,600,000 for the year beginning Jan. 1, 1957, estimated to be the first year of operation, to revenues of \$15,825,000 for the year beginning Jan. 1, 1994.

The new toll road is expected to be opened for traffic by Jan. 1, 1957. Weather conditions in Florida are such that contractors should have no difficulties in working throughout the winter until construction is completed. It is not considered feasible to open any segment of Project No. 1 prior to opening the entire project to traffic.

The greatest source of potential traffic for Project No. 1 will be the Greater Miami Metropolitan area, adjacent to the southern terminus of the Parkway, which in 1954 had an estimated population of approximately 750,000, an increase of 50% from the 1950 census figure of approximately 500,000. The population of Florida during the 1940-1954 period has grown more than three times as fast as the United States as a whole, and the coastal area to be served directly by the Parkway has grown more rapidly than the rest of the State. Although the tourist trade, which brings an estimated 5,000,000 visitors to Florida annually, is the leading industry of this area, Greater Miami now contains over 1,650 manufacturing concerns and more than 33% of the working population is employed in the manufacturing, construction and transportation industries.

Two Join Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Dean A. Eyre, Jr. and Kevin J. O'Malley have become associated with Hooker & Fay, 221 Montgomery Street. Mr. O'Malley was previously with Brush, Slocumb & Co.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George Pokorny has been added to the staff of H. L. Jamieson Co., Inc., Russ Building.

With Vickers Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Graham Shaw has become affiliated with Vickers Brothers of New York.

Continued from page 3

Germany's Arming—Disarming Europe?

in Asia is almost certain to bring about a "sternly" neutral Japan, to say nothing of disastrous repercussions in the South-Asia area.

Neutralization vs. Encirclement

Coming back to Europe: it should be obvious now, if it was not before, that the Russian aim is to destroy the menace to their existence, the pressure on their resources, and the obstacle to their subverting expansion, which the encirclement represents — rather than to wait for its completion. Their answer to that threat is to clip the wings (or claws) of the American "eagle" by neutralizing its Allies, lulling them into at least partial disarmament, and forcing the retreat of its operational bases. Another bolshevist objective is the building up of an American-financed arms pool that would help to stabilize the European economies. The Soviets' prospects of success are excellent. Yet, all of Western Europe is gaily rushing, with Churchill in the lead, to embrace the Russian peace and co-existence proposals. As to the Germans, no power can force them to stick to our policy line, to which they have consented with a narrow margin only, if the alternative is a unified nation. No government in Bonn could refuse it and stay in office.

That is exactly the alternative the Kremlin appears to offer on the pattern of a neutralized Austria. Another step in the same direction, also on the Austria-pattern, is the cancellation of Russia's reparation claims against her German Satellite (but imposing a "compensation" of about 2 billion East-German *marks* for the plants which the Soviets have expropriated and kept until now—on top of the 10 billion *dollars*, at least, squeeezed out in reparations).

If Moscow means "business," as it apparently does, and is willing to withdraw from East Germany, Bonn will not implement the Paris agreements. (Incidentally, Germany's supreme court has not adjudged as yet the legality of the Saar agreement.) Thereafter, nothing can stop the neutralization—of Europe. The concept of NATO itself will become obsolete. As it is, its Scandivanian members do not even permit American air bases on their territory. Without a Germany to link it with the West, a Danish "army" would be as valuable as a regiment of toy soldiers. And what is the purpose of large-scale preparedness in France if she is separated from the potential enemy by a neutral terrain with a depth of 500 miles or more? To keep in Europe six American divisions which would have no chance to "meet" Russians unless on the Turkish-Bulgarian border, of all places? Turkey, Greece, Spain and Britain may remain American air bases. Beyond holding the "fringes," nothing much will be left for us but to evacuate the Continent, even if the Russians do not make that a condition of the Colossal Peace Deal. But such a string is bound to be attached to the "package" Molotov is speaking about; Europe surely will have no objection. The American taxpayer may as well say Amen.

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"We cannot commence eternal bickering over German unification. We must take the situation as it is and look at the prevailing detente as it exists. It is now more a question of security and reduction of arms. I think we should approach the problem from that angle."

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The Economic Outlook

ago was the statement that demolitions of the slum clearance type were absolutely essential in order to keep a continuing demand for better housing all the way up the line. Certainly, no one is in a better position to promote such demolitions than is the thrift institution executive and no one is more likely to benefit from the end result.

The sum total of home mortgage debt has increased from $18.5 billion in 1946, to $37.5 billion in 1950 and to $75.9 billion in 1954. In this connection it is interesting to note that in the last four years $93 billion of mortgage loans were made and apparently about $55 billion repayments were made in order to produce an increase of $38.4 billion in the total. This rather startling piece of information arises out of the fact that changes of ownership quite frequently involve the repayment of the original mortgage and the issuance of a brand new mortgage, usually for a larger amount, but it also indicates rather clearly that the equity in the home, which has been considered the impelling reason for continuing home ownership, may not be as realistic as we had believed. It is reasonable to assume that a great many of the mortgages now outstanding have been in existence less than five years and that perhaps as much as one-quarter of these mortgages have been issued since the beginning of 1954.

Another Cloud on Horizon

The self-amortizing home loan has been a boon to the lender and to the borrower, as well, and the monthly payments on these long-term mortgages have not been too burdensome, but the recent change in the terms under which home mortgages have been issued may not have been as wise and sound as it appeared when first proposed. In March of this year about 45% of the VA loans were made with no down payment, compared with less than 20% a year earlier and less than 10% during most of 1953. Also, in March of this year 46% of all VA loans were made for thirty years, compared with 14% a year earlier and 2% in mid-1953. The Savings and Loan business is dedicated to the promotion of thrift and of home ownership. If homes are being sold in increasing percentages on terms which represent not much more than 60% of what it would cost to rent the same dwellings, there is room for grave doubt as to whether your Associations are promoting home ownership, with all that it entails, or home occupancy, which involves a very limited sense of responsibility. This is another cloud on the horizon—not large, to be sure, but large enough to watch with some concern.

The Impact of Debt

Carrying the discussion of debt just a little further, the statement has been made that the only valid criticism of our system of free enterprise capitalism is the inflexibility of debt and it is quite true that it makes no difference how money was obtained so long as no one wants it back. It makes all the difference in the world at that time whether the money was obtained from a partner or a creditor. The sum total of all debts (aside from the U. S. Government debt) owed by businesses and individuals at the present time stands at about $325 billion, about $50 billion more than the total debt of the government, itself. We long since ceased to worry about our ability to pay that debt and we now are only concerned about our ability to pay the interest on it and to roll it over when it comes due. Perhaps that is a safe assumption as far as the nation is concerned but is it equally safe as far as the individual is concerned?

It has just been established that home mortgage debt has quadrupled since the end of World War II. Short-term consumer debt has increased much more rapidly, from $5.6 billion to approximately $33 billion, while installment debt has increased from $2 billion to nearly $23 billion. We are buying today's satisfactions with tomorrow's income, which means that tomorrow's income must continue at approximately today's rate because the sum total of interest and amortization on the personal debt now represents about 14½% of the total disposable income. That figure may not be the danger point but it certainly compares unfavorably with 12.2% in 1951 and 6.2% in 1946.

There are some of the things to watch in respect to the lending activity of the thrift institution. There is another trend which is developing some elements of danger and which has been felt by practically every Association represented in this audience. Disposable personal income in the first quarter of 1954 was running at an annual rate of $252 billion. Personal saving was 8.6% of that amount, or at an annual rate of $21.8 billion. In the first quarter of 1955 disposable income was at the rate of $260.6 billion, an increase of 3½%, but personal saving was 7.2% of that amount, or $18.7 million, a decrease of $3.1 billion, or 14%.

Declining Savings Rate

The people of the nation are saving a little less and spending a little more. What does this mean to the thrift institution? The rate of saving in the first quarter of 1954, as stated above, was $21.8 billion. The actual saving for the year turned out to be $19.5 billion. Of this $2.7 billion was in demand deposits, $4.4 billion in time and savings deposits and $4.5 billion in savings and loan associations. If the rate of decrease in personal saving, just cited, continues through the year it will represent about two-thirds of last year's total increase in savings and loan savings accounts and about the same percentage of all the time and savings deposits.

These are the things the thrift institutions should be thinking about, nationally. The associations in the great Pacific Northwest and in a substantial section of the Midwest are much more favorably situated than is the nation as a whole. The trends are running much more strongly elsewhere. They may not reach your area before they have run their course and I am glad to wind up this discussion—which was meant to be provocative — with the statement that it might prove of only academic interest to this particular audience.

With Shaw, Hooker

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Francis R. Little has become affiliated with Shaw, Hooker & Co., 1 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Little was previously with Reynolds & Co.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Frank DeVuono has been associated with Bache & Co., 135 South La Salle Street.

Continued from page 4

Oil's Bright Future

for our stockholders. It took a lot of doing, but the net result was that the **have not** nations (both "have not" as to oil and "have not" as to dollars) did get oil, and their post-war recovery is a matter of history.

As these nations rebuilt their economies—in most instances to levels higher than those of pre-war—and as their people began to live better, their needs for oil increased. Western Europe's consumption of oil, for example, went up 80% from 1945 to 1950. This meant, that the need there for foreign exchange also grew. And at the higher level of oil demand, the trade arrangements which solved the immediate post-war problem became inadequate.

Local Refineries

Faced with this situation, foreign governments sought other ways to reduce their outlays of dollar exchange for purchases of oil. One step they have taken is to press for the construction of local refineries. And such construction has taken place—in the United Kingdom, the Benelux countries, Italy, South Africa, India, Japan, Australia, Brazil and elsewhere. These plants make it possible to meet local oil needs through importing crude petroleum rather than finished products, which latter cost more, of course. Importing crude and refining locally versus importing finished products will save from 25 to 40% in foreign exchange. Another step has been to intensify the search for local crude oil deposits. One place where this has been done with notable success is in France. There the French affiliate of the Jersey Company has brought in a field 45 miles south of Bordeaux which promises to be of great help in providing France with its own supplies of liquid energy. Crude oil discoveries in Italy also show some promise.

The discovery of oil in new places since World War II — in western Canada, the Middle East, and in such areas as France—plus, in the refining branch of the business, the construction of new plants by Jersey affiliates as well as many other companies in the industry — has brought about a marked change in the world-wide pattern of the oil business. One effect has been that exports of oil from the U. S., which was once a principal exporter, have virtually dried up except for various special products which are exported in relatively small volume. In fact, our country, which is the largest user of oil in the world and accounts for over half of total world consumption while having only 20% of the world's proved reserves, has now become a net oil importer.

Record High Consumption

It would appear that we will continue to be an oil-importing nation. Oil reserves in U. S. are at an all-time high level—some 32 billion barrels—but our consumption is also at record levels. The domestic oil industry has maintained for a good many years a level of exploration and development which maintains our known underground oil reserves at some 10-12 years supply related to the current rate of consumption. This seems to be about the maximum reserve the industry can afford to carry. To replenish the underground inventory is a constant task. Probably few people visualize the amount of oil that is used in the United States alone. Last year the figure was 2.8 billion barrels. This is equivalent to the present proved crude oil reserves of the entire state of Louisiana. In other words, to compensate for such consumption of oil, the industry must find—every year—another Louisiana.

I have no doubt that the industry will be able to maintain adequate domestic reserves for many years; but, on account of our very high level of consumption, it seems most desirable to supplement our domestic reserves by a reasonable amount of oil imports from countries having a surplus over their own needs. With 54% of the world's oil consumption, 20% of the world's proven reserves, 15% of the world's potential oil-bearing area, coupled with the fact the U. S. is the most highly prospected country in the world, any other course seems very shortsighted.

I believe you will be interested in our Company's recent studies on the future demand for energy.

Future Demand

In the United States, we expect energy consumption to grow by 63% between now and 1975, with the use of oil increasing from the present 8,200,000 barrels a day to 13,300,000 barrels. The contribution of different fuels to the total energy picture at that time will probably be in approximately the same proportions as at present. You will be interested to know that we think that after 1960 oil's proportion will grow with total energy, natural gas will lose some position as reserves are depleted and prices tend to rise. Coal will slowly recover to a level a bit over 500,000,000 tons by 1975, about the same demand as the coal industry experienced directly after the war. Hydro - electric power will have only a moderate expansion, and will probably lose some position in the over-all energy market.

It seems likely that domestic power from nuclear reactors will begin to be available in the late 1950's when units like the Duquesne Power Company's, near Pittsburgh, get into operation. Atomic power for ships may begin to find practical applications at about the same time. But despite an allowance for a fairly rapid rate of growth, it seems likely that the atom's contribution to U. S. over-all energy needs in 1975 will amount only to about 1.5% of the total. Nuclear fuels will probably find their greatest use in the field of electric power generation, with one out of every three new generating plants built at the time relying on this energy source. We do not foresee that other potential energy sources such as solar energy, heat pumps, etc. will be contributing more than a negligible amount to the over-all energy picture.

Needs of Western Europe

Looking at other parts of the world, the prospects are no less encouraging. I have already indicated how Western Europe is beginning to turn more and more to oil as an energy source, and we expect this movement to continue. Granting the most optimistic predictions as to the development of the nuclear power in Europe, as well as the success of every conceivable effort to improve the output of coal, the tremendous increase in total demand for energy there forecasts a bright future for oil. We expect that demand for oil will grow at a compounded rate of about 4% a year for the next 20 years, which would mean the European market would be consuming 4,580,000 barrels a day as compared wth 2,174,000 barrels at the present. To give you some idea of the magnitude of this increase, the new supplies alone that will be needed in 1975 amount to only 20% less than last year's daily production from the entire Middle East.

We are confident that if the political climate is right, Western Europe might well triple its domestic production of crude oil by 1975. However, it seems certain that no matter how vigorously efforts to increase the local production of Western Europe are pushed, massive imports will still be required. These may well run into the neighborhood of 4,000,000 barrels a day, a figure which is comparable to the entire production of the United States only 12 years ago.

Latin America

Even more dramatic are the possibilities that lie south of our border in the expanding Latin American economy. Almost more than any other area, the countries of Central and South America are basing their present and future growth on liquid energy. Not taking into account such sources of energy as wood and wastes, oil now supplies more than 70% of Latin America's energy. It seems reasonable to expect that oil will continue to hold the same, or an even greater share of the energy picture in 1975.

Latin American population is now with 10% of the U. S. total, and is increasing at the rate of 2½% a year. This means that even if per capita consumption of energy stood still, the requirements would increase by one-half in the next 20 years.

In the expanding Latin American area it is pretty safe to count on per capita consumption of energy rising. We estimate that the combination of population growth and rising per capita consumption will mean that by 1975 Latin America will be using 3,200,000 barrels of oil daily as contrasted to the present use of 1,200,000 barrels a day.

The increase of 2,000,000 barrels a day equals the present daily oil production of Venezuela. So within the southern part of our hemisphere in the next score of years a tremendous expansion of crude oil producing and refining, transportation, and marketing facilities will be required to satisfy local demand and provide necessary exports to other tributary consuming areas.

It is much more difficult to predict the potential for the remaining parts of the world. The Middle East, the Far East, and Africa are relatively undeveloped as energy users, holding 60% of the globe's population and presently consuming only 10% of the world's total energy. The slightest per capita rise in those areas will obviously result in a substantial increase in total demand, and create a market for additional millions of barrels of oil every day.

Faced with such prospects, you can see there is plenty of room for all forms of energy and all of them will have to exert themselves to the fullest just to keep abreast of the world's needs.

The Political Situation

The fact that oil supplies will be needed in greatly increased amounts does not by itself mean, of course, that they will be available. I have indicated earlier that an expanding oil business, particularly in the producing phase, is very susceptible to political conditions. To be specific, in many parts of the world extreme nationalistic or socialistic tendencies could inhibit the discovery and development of oil deposits.

But here, again, we are inclined to be optimistic. There is growing evidence that people and their governments are coming to realize the factors which bring about a healthy oil industry. Countries in both hemispheres are modifying oil restrictions or setting new policies more favorable to the encouragement of the large-scale investment necessary for the modern oil industry. Gradually, too, there is coming to be a recognition that restrictive taxes, blocked currencies, quotas, and other discriminatory practices do not always bring about the benefits they are supposed to but usually act to put the brakes on a country's progress — especially where the oil industry is concerned. Conditions are by no means perfect. But the horizons are brightening and give us hope that they will continue to improve.

These signs of improvement are as significant for domestic oil companies in the United States as they are for companies like Jersey Standard which have overseas interests as well. There is little doubt that as all oil companies are called upon to shoulder greater supply burdens, the international character of the industry will become more pronounced. Countries will not be isolated as self-contained producing and consuming centers, nor will they be chiefly cast in the role of suppliers or customers as are many today. With growing industrialization and social progress, demand and supply will tend to even out geographically, thus creating a world energy pattern much less spotty than the one we have even at present.

Inherent in the nature of the oil industry, where very large supplies may be found one year and very little for the next several years, are periods of over-supply, and then for a time seller's markets. We are in a period of some over-supply now, which may continue for a year or so more. But I think the picture I have given you is convincing that over the long pull the world's demand for total energy, and oil in particular, is so great that we need never fear our industry does not have a bright future.

Joins Rex Merrick

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—George A. McQuillister has become associated with Rex Merrick & Co., 22 Second Avenue. Mr. McQuillister was formerly with King Merritt & Co., Inc. and Cantor, Fitzgerald & Co.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Ralph N. Peters has become associated with Harris, Upham & Co., 135 South La Salle Street.

Calif. Investors Add

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—George C. Cotte has been added to the staff of California Investors, 40 Atlantic Boulevard.

Tim D. Spillane With Blyth & Co. On Coast

Timothy D. Spillane

LOS ANGELES, Calif.—Tim D. Spillane has become associated with Blyth & Co., Inc., 215 West Sixth Street. Mr. Spillane was formerly with J. A. Hogle & Co.

L. A. Bond Club Fete Record Registration

LOS ANGELES, Calif. — The Bond Club of Los Angeles Field Day, to be held June 10, at the Riviera Country Club, Pacific Palisades, will have the greatest membership participation in the history of this annual event, Field Day Chairman Wm. D. Witherspoon, of Witherspoon & Company, Inc., announced.

Competitive events of the day begin at 8:30, when golfers tee off. A baseball game is scheduled for 2:00 p.m., and other events will include tennis, ping pong, horseshoes, and putting. A dinner for all members will conclude this yearly gathering.

H. L. Jamieson to Hold Workshop for Personnel

SAN FRANCISCO, Calif.—For its "Second Annual Workshop" in Fresno, June 10-12, personnel of H. L. Jamieson Co., Inc., will gather from its regional bases in California. Meetings will be held at The Hacienda.

Discussion leaders participating include Robert Parks, Los Angeles; Captain Charles W. Scribner, Robert Horth and Bing Wong, San Francisco; J. R. T. Montin, Oakland the East Bay; Jess T. Wolfe, Santa Rosa, and Anders Montin, Napa.

Speakers at the climax banquet will be H. L. Jamieson, reviewing progress and plans, and "Rags" Montin, of Walnut Creek.

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The Economic Outlook

ago was the statement that demolitions of the slum clearance type were absolutely essential in order to keep a continuing demand for better housing all the way up the line. Certainly, no one is in a better position to promote such demolitions than is the thrift institution executive and no one is more likely to benefit from the end result.

The sum total of home mortgage debt has increased from $18.5 billion in 1946, to $37.5 billion in 1950 and to $75.9 billion in 1954. In this connection it is interesting to note that in the last four years $93 billion of mortgage loans were made and apparently about $55 billion repayments were made in order to produce an increase of $38.4 billion in the total. This rather startling piece of information arises out of the fact that changes of ownership quite frequently involve the repayment of the original mortgage and the issuance of a brand new mortgage, usually for a larger amount, but it also indicates rather clearly that the equity in the home, which has been considered the impelling reason for continuing home ownership, may not be as realistic as we had believed. It is reasonable to assume that a great many of the mortgages now outstanding have been in existence less than five years and that perhaps as much as one-quarter of these mortgages have been issued since the beginning of 1954.

Another Cloud on Horizon

The self-amortizing home loan has been a boon to the lender and to the borrower, as well, and the monthly payments on these long-term mortgages have not been too burdensome, but the recent change in the terms under which home mortgages have been issued may not have been as wise and sound as it appeared when first proposed. In March of this year about 45% of the VA loans were made with no down payment, compared with less than 20% a year earlier and less than 10% during most of 1953. Also, in March of this year 46% of all VA loans were made for thirty years, compared with 14% a year earlier and 2% in mid-1953. The Savings and Loan business is dedicated to the promotion of thrift and of home ownership. If homes are being sold in increasing percentages on terms which represent not much more than 60% of what it would cost to rent the same dwellings, there is room for grave doubt as to whether your Associations are promoting home ownership, with all that it entails, or home occupancy, which involves a very limited sense of responsibility. This is another cloud on the horizon—not large, to be sure, but large enough to watch with some concern.

The Impact of Debt

Carrying the discussion of debt just a little further, the statement has been made that the only valid criticism of our system of free enterprise capitalism is the inflexibility of debt and it is quite true that it makes no difference how money was obtained so long as no one wants it back. It makes all the difference in the world at that time whether the money was obtained from a partner or a creditor. The sum total of all debts (aside from the U. S. Government debt) owed by businesses and individuals at the present time stands at about $325 billion, about $50 billion more than the total debt of the government, itself. We long since ceased to worry about our ability to pay that debt and we now are only concerned about our ability to pay the interest on it and to roll it over when it comes due. Perhaps that is a safe assumption as far as the nation is concerned but is it equally safe as far as the individual is concerned?

It has just been established that home mortgage debt has quadrupled since the end of World War II. Short-term consumer debt has increased much more rapidly, from $5.6 billion to approximately $33 billion, while installment debt has increased from $2 billion to nearly $23 billion. We are buying today's satisfactions with tomorrow's income, which means that tomorrow's income must continue at approximately today's rate because the sum total of interest and amortization on the personal debt now represents about 14½% of the total disposable income. That figure may not be the danger point but it certainly compares unfavorably with 12.2% in 1951 and 6.2% in 1946.

There are some of the things to watch in respect to the lending activity of the thrift institution. There is another trend which is developing some elements of danger and which has been felt by practically every Association represented in this audience. Disposable personal income in the first quarter of 1954 was running at an a nnual rate of $252 billion. Personal saving was 8.6% of that amount, or at an annual rate of $21.8 billion. In the first quarter of 1955 disposable income was at the rate of $260.6 billion, an increase of 3½%, but personal saving was 7.2% of that amount, or $18.7 million, a decrease of $3.1 billion, or 14%.

Declining Savings Rate

The people of the nation are saving a little less and spending a little more. What does this mean to the thrift institution? The rate of saving in the first quarter of 1954, as stated above, was $21.8 billion. The actual saving for the year turned out to be $19.5 billion. Of this $2.7 billion was in demand deposits, $4.4 billion in time and savings deposits and $4.5 billion in savings and loan associations. If the rate of decrease in personal saving, just cited, continues through the year it will represent about two-thirds of last year's total increase in savings and loan savings accounts and about the same percentage of all the time and savings deposits.

These are the things the thrift institutions should be thinking about, nationally. The associations in the great Pacific Northwest and in a substantial section of the Midwest are much more favorably situated than is the nation as a whole. The trends are running much more strongly elsewhere. They may not reach your area before they have run their course and I am glad to wind up this discussion—which was meant to be provocative — with the statement that it might prove of only academic interest to this particular audience.

With Shaw, Hooker

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— Francis R. Little has become affiliated with Shaw, Hooker & Co., 1 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Little was previously with Reynolds & Co.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Frank DeVuono has become associated with Bache & Co., 135 South La Salle Street.

Continued from page 4

Oil's Bright Future

for our stockholders. It took a lot of doing, but the net result was that the **have not** nations (both "have not" as to oil and "have not" as to dollars) did get oil, and their post-war recovery is a matter of history.

As these nations rebuilt their economies—in most instances to levels higher than those of pre-war—and as their people began to live better, their needs for oil increased. Western Europe's consumption of oil, for example, went up 80% from 1945 to 1950. This meant, that the need there for foreign exchange also grew. And at the higher level of oil demand, the trade arrangements which solved the immediate post-war problem became inadequate.

Local Refineries

Faced with this situation, foreign governments sought other ways to reduce their outlays of dollar exchange for purchases of oil. One step they have taken is to press for the construction of local refineries. And such construction has taken place—in the United Kingdom, the Benelux countries, Italy, South Africa, India, Japan, Australia, Brazil and elsewhere. These plants make it possible to meet local oil needs through importing crude petroleum rather than finished products, which latter cost more, of course. Importing crude and refining locally versus importing finished products will save from 25 to 40% in foreign exchange. Another step has been to intensify the search for local crude oil deposits. One place where this has been done with notable success is in France. There the French affiliate of the Jersey Company has brought in a field 45 miles south of Bordeaux which promises to be of great help in providing France with its own supplies of liquid energy. Crude oil discoveries in Italy also show some promise.

The discovery of oil in new places since World War II — in western Canada, the Middle East, and in such areas as France—plus, in the refining branch of the business, the construction of new plants by Jersey affiliates as well as many other companies in the industry — has brought about a marked change in the world-wide pattern of the oil business. One effect has been that exports of oil from the U. S., which was once a principal exporter, have virtually dried up except for various special products which are exported in relatively small volume. In fact, our country, which is the largest user of oil in the world and accounts for over half of total world consumption while having only 20% of the world's proved reserves, has now become a net oil importer.

Record High Consumption

It would appear that we will continue to be an oil-importing nation. Oil reserves in U. S. are at an all-time high level—some 32 billion barrels—but our consumption is also at record levels. The domestic oil industry has maintained for a good many years a level of exploration and development which maintains our known underground oil reserves at some 10-12 years supply related to the current rate of consumption. This seems to be about the maximum reserve the industry can afford to carry. To replenish the underground inventory is a constant task. Probably few people visualize the amount of oil that is used in the United States alone. Last year the figure was 2.8 billion barrels. This is equivalent to the present proved crude oil reserves of the entire state of Louisiana. In other words, to compensate for such consumption of oil, the industry must find—every year—another Louisiana.

I have no doubt that the industry will be able to maintain adequate domestic reserves for many years; but, on account of our very high level of consumption, it seems most desirable to supplement our domestic reserves by a reasonable amount of oil imports from countries having a surplus over their own needs. With 54% of the world's oil consumption, 20% of the world's proven reserves, 15% of the world's potential oil-bearing area, coupled with the fact the U. S. is the most highly prospected country in the world, any other course seems very shortsighted.

I believe you will be interested in our Company's recent studies on the future demand for energy.

Future Demand

In the United States, we expect energy consumption to grow by 63% between now and 1975, with the use of oil increasing from the present 8,200,000 barrels a day to 13,300,000 barrels. The contribution of different fuels to the total energy picture at that time will probably be in approximately the same proportions as at present. You will be interested to know that we think that after 1960 oil's proportion will grow with total energy, natural gas will lose some position as reserves are depleted and prices tend to rise. Coal will slowly recover to a level a bit over 500,000,000 tons by 1975, about the same demand as the coal industry experienced directly after the war. Hydro - electric power will have only a moderate expansion, and will probably lose some position in the over-all energy market.

It seems likely that domestic power from nuclear reactors will begin to be available in the late 1950's when units like the Duquesne Power Company's, near Pittsburgh, get into operation. Atomic power for ships may begin to find practical applications at about the same time. But despite an allowance for a fairly rapid rate of growth, it seems likely that the atom's contribution to U. S. over-all energy needs in 1975 will amount only to about 1.5% of the total. Nuclear fuels will probably find their greatest use in the field of electric power generation, with one out of every three new generating plants built at the time relying on this energy source. We do not foresee that other potential energy sources such as solar energy, heat pumps, etc. will be contributing more than a negligible amount to the over-all energy picture.

Needs of Western Europe

Looking at other parts of the world, the prospects are no less encouraging. I have already indicated how Western Europe is beginning to turn more and more to oil as an energy source, and we expect this movement to continue. Granting the most optimistic predictions as to the development of the nuclear power in Europe, as well as the success of every conceivable effort to improve the output of coal, the tremendous increase in total demand for energy there forecasts a bright future for oil. We expect that demand for oil will grow at a compounded rate of about 4% a year for the next 20 years, which would mean the European market would be consuming 4,580,000 barrels a day as compared wth 2,174,000 barrels at the present. To give you some idea of the magnitude of this increase, the new supplies alone that will be needed in 1975 amount to only 20% less than last year's daily production from the entire Middle East.

We are confident that if the political climate is right, Western Europe might well triple its domestic production of crude oil by 1975. However, it seems certain that no matter how vigorously efforts to increase the local production of Western Europe are pushed, massive imports will still be required. These may well run into the neighborhood of 4,000,000 barrels a day, a figure which is comparable to the entire production of the United States only 12 years ago.

Latin America

Even more dramatic are the possibilities that lie south of our border in the expanding Latin American economy. Almost more than any other area, the countries of Central and South America are basing their present and future growth on liquid energy. Not taking into account such sources of energy as wood and wastes, oil now supplies more than 70% of Latin America's energy. It seems reasonable to expect that oil will continue to hold the same, or an even greater share of the energy picture in 1975.

Latin American population is now with 10% of the U. S. total, and is increasing at the rate of 2½% a year. This means that even if per capita consumption of energy stood still, the requirements would increase by one-half in the next 20 years.

In the expanding Latin American area it is pretty safe to count on per capita consumption of energy rising. We estimate that the combination of population growth and rising per capita consumption will mean that by 1975 Latin America will be using 3,200,000 barrels of oil daily as contrasted to the present use of 1,200,000 barrels a day.

The increase of 2,000,000 barrels a day equals the present daily oil production of Venezuela. So within the southern part of our hemisphere in the next score of years a tremendous expansion of crude oil producing and refining, transportation, and marketing facilities will be required to satisfy local demand and provide necessary exports to other tributary consuming areas.

It is much more difficult to predict the potential for the remaining parts of the world. The Middle East, the Far East, and Africa are relatively undeveloped as energy users, holding 60% of the globe's population and presently consuming only 10% of the world's total energy. The slightest per capita rise in those areas will obviously result in a substantial increase in total demand, and create a market for additional millions of barrels of oil every day.

Faced with such prospects, you can see there is plenty of room for all forms of energy and all of them will have to exert themselves to the fullest just to keep abreast of the world's needs.

The Political Situation

The fact that oil supplies will be needed in greatly increased amounts does not by itself mean, of course, that they will be available. I have indicated earlier that an expanding oil business, particularly in the producing phase, is very susceptible to political conditions. To be specific, in many parts of the world extreme nationalistic or socialistic tendencies could inhibit the discovery and development of oil deposits.

But here, again, we are inclined to be optimistic. There is growing evidence that people and their governments are coming to realize the factors which bring about a healthy oil industry. Countries in both hemispheres are modifying oil restrictions or setting new policies more favorable to the encouragement of the large-scale investment necessary for the modern oil industry. Gradually, too, there is coming to be a recognition that restrictive taxes, blocked currencies, quotas, and other discriminatory practices do not always bring about the benefits they are supposed to but usually act to put the brakes on a country's progress — especially where the oil industry is concerned. Conditions are by no means perfect. But the horizons are brightening and give us hope that they will continue to improve.

These signs of improvement are as significant for domestic oil companies in the United States as they are for companies like Jersey Standard which have overseas interests as well. There is little doubt that as all oil companies are called upon to shoulder greater supply burdens, the international character of the industry will become more pronounced. Countries will not be isolated as self-contained producing and consuming centers, nor will they be chiefly cast in the role of suppliers or customers as are many today. With growing industrialization and social progress, demand and supply will tend to even out geographically, thus creating a world energy pattern much less spotty than the one we have even at present.

Inherent in the nature of the oil industry, where very large supplies may be found one year and very little for the next several years, are periods of oversupply, and then for a time seller's markets. We are in a period of some over-supply now, which may continue for a year or so more. But I think the picture I have given you is convincing that over the long pull the world's demand for total energy, and oil in particular, is so great that we need never fear our industry does not have a bright future.

Joins Rex Merrick

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—George A. McQuillister has become associated with Rex Merrick & Co., 22 Second Avenue. Mr. McQuillister was formerly with King Merritt & Co., Inc. and Cantor, Fitzgerald & Co.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

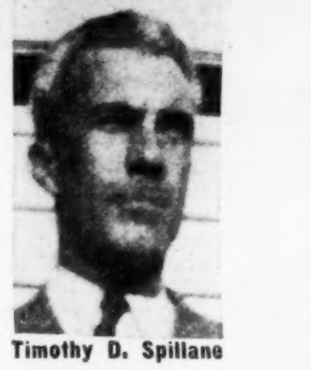
CHICAGO, Ill. — Ralph N. Peters has become associated with Harris, Upham & Co., 135 South La Salle Street.

Calif. Investors Add

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—George C. Cotte has been added to the staff of California Investors, 40 Atlantic Boulevard.

Tim D. Spillane With Blyth & Co. On Coast



Timothy D. Spillane

LOS ANGELES, Calif.—Tim D. Spillane has become associated with Blyth & Co., Inc., 215 West Sixth Street. Mr. Spillane was formerly with J. A. Hogle & Co.

L. A. Bond Club Fete Record Registration

LOS ANGELES, Calif. — The Bond Club of Los Angeles Field Day, to be held June 10, at the Riviera Country Club, Pacific Palisades, will have the greatest membership participation in the history of this annual event, Field Day Chairman Wm. D. Witherspoon, of Witherspoon & Company, Inc., announced.

Competitive events of the day begin at 8:30, when golfers tee off. A baseball game is scheduled for 2:00 p.m., and other events will include tennis, ping pong, horseshoes, and putting. A dinner for all members will conclude this yearly gathering.

H. L. Jamieson to Hold Workshop for Personnel

SAN FRANCISCO, Calif.—For its "Second Annual Workshop" in Fresno, June 10-12, personnel of H. L. Jamieson Co., Inc., will gather from its regional bases in California. Meetings will be held at The Hacienda.

Discussion leaders participating include Robert Parks, Los Angeles; Captain Charles W. Scribner, Robert Horth and Bing Wong, San Francisco; J. R. T. Montin, Oakland the East Bay; Jess T. Wolfe, Santa Rosa, and Anders Montin, Napa.

Speakers at the climax banquet will be H. L. Jamieson, reviewing progress and plans, and "Rags" Montin, of Walnut Creek.

Continued from page 7

How Dangerous Is the Present Mortgage Situation?

It is true, of course, that the stock market crash and the business depression which followed prolonged the real estate depression. My studies lead me to believe, however, that during the 20's we built too many houses in relation to family formation. We did during the four years, 1925-29, in this respect exactly what we are doing today. The residential real estate market had begun to decline before the stock market crash of 1929. I can still remember attending a meeting of the Harvard Economic Society here in this city in 1929 when the late William Peter Hamilton, Editor of the "Wall Street Journal," a canny Scotsman whom many bankers no doubt still recall, saying, "At last I have lived to see New York City over-built in every respect; apartments, office buildings, stores, residences and even churches." As we know, it took nearly ten years to grow up to what had been built.

While we over-built houses in the 20's in relation to family formations, to an even greater extent we under-built them during the 30's and 40's so that if we add up the three decades, 1920 to 1949, we find that we only built four houses for every five new households which were formed during this period. Some students think that we still haven't made up this deficit. But if the backlog of demand from the underbuilding of the 30's and 40's has not yet been worked off it soon will be at the current rate of building. Not for long can we build two new houses for every new family started without causing trouble, because family formation is now far below the immediate postwar years and will continue at relatively low levels until the 1960's.

Family Formation Only One Yardstick

Fortunately, while family formation is the largest single market for new homes, it is by no means the only one. Obsolescence is another important factor in housing demand. The 1950 census found that virtually half the nation's homes were over 30 years old. Thirty years is, of course, an arbitrary dividing line, for many homes older than this are in good condition with a long, useful life ahead. Replacement of only 1% of these older homes each year would call for over 200,000 new units. This is the number where obsolescence is a physical fact; the house is worn out. There is, in addition, obsolescence through changing tastes. An ever-increasing percentage of our adult population is accustomed to the modern, more efficient home. To this group the typical old house, despite its relative roominess and long-standing landscaping, is not appealing.

There is a growing dissatisfaction with the definitely substandard housing that still bulks large in many major cities, particularly in the older metropolitan areas. The present occupant is less passive than his forebears in his acceptance of this type of housing, and so long as he can borrow the money to buy a better house he probably will buy it.

Against the background of lower family formation and giving due allowance for obsolescence and substandard housing, still it seems inescapable that the present home-building boom rests importantly on large replacement demand stemming from the record baby crops of recent years, from the increased mobility of our population, and from their rising personal incomes.

While babies do not buy houses they certainly yell, loudly and long, for more living space. Homes built in the immediate postwar years were typically two-bedroom houses. With the second, third, and often fourth child these homes became inadequate. A survey of the houses being built in Wilmington today shows that the average for-sale house now going up contains three bedrooms and is larger in almost every respect than its 1950 counterpart. Births last year again set a new record. There were 4 million. Just think of it! Almost one new baby for every 12 houses in one year alone. So far as an increase in population encourages new building, the country is lacking nothing in this respect.

Mobility of population takes two forms: (1) change from one city to another, usually because of health, retirement, or change in job, (2) moving from the city to the suburbs or from an older to a newer suburb. These two pronounced populational shifts continue unabated. One out of five Americans move every year. This can make housing shortages in certain cities even when there may be a surplus of housing in the nation as a whole.

Recently Administrator Albert M. Cole said in his speech before the Home Builders' Association: "There is almost an insatiable demand for housing at this time, ample financing is available and the market can sustain a large volume of new building for a long time." I don't doubt it. But it is a common observation that while everyone wants a Cadillac automobile not everybody can afford one. The translation of this latent demand into actual housing demand depends on sustained high personal incomes and easy mortgage terms. What would happen if the national income should fall off and unemployment materially increase is rather frightening to contemplate.

Sources of Building Boom

Among the principal causes which have been chiefly responsible for the availability of mortgage money on easy terms during the past two years and which has made possible the building boom are:

(1) The increase in GI mortgage interest rate from 4% to 4½%, together with the reduction in the required down payment. This increase removed the principal objection which many lenders had to GI loans.

(2) The liberalization of FHA terms contained in the 1954 Housing Act.

(3) The decline in interest rates on long-term bonds which began in the latter part of 1953 and which made mortgage loans more attractive.

(4) The remarkable increase in savings deposits and the rather unexpectedly large repayments on outstanding loans. It was difficult to keep the funds invested at adequate rates.

In brief, the situation may be summarized by saying that over the past two years substantially more people became eligible for government insured loans and lending institutions found that mortgages were comparatively a more attractive investment than bonds.

The government is now studying the housing situation to determine whether home building is excessive. There are indications it may stiffen the terms of its insured and guaranteed mortgages if it finds that such is the case. You probably noticed that last week the Federal Housing Administration called a halt on future guarantees in speculative building in 26 areas because it stated that it had found housing surpluses in those areas.

But regardless of government action, which because of political implications I do not think is likely to be very drastic, lenders have the power to reduce the present level of home building if they become more selective in making mortgage loans. Already in some localities speculative builders are finding that it is one thing to qualify a purchaser for a government insured mortgage and quite another thing to find an ultimate home for that mortgage with a lending institution. Lending institutions are giving serious consideration not only to the relative yields obtainable from mortgages vs. bonds, but also to the extent to which they are already committed to make mortgages. After all, insurance companies and savings banks must consider the diversification of their portfolios. They must also consider the rate of growth in their assets, the prospective repayments on their outstanding loans, as well as the demand which they are likely to have for funds from other sources.

Lenders More Selective

Recently there is more and more evidence of increasing selectivity on the part of many lenders. Some are now demanding discounts on 30-year no-down-payment GI loans. Others are refusing to make loans for such a long period of time. While still others are requiring a larger down payment than mandatory under the Act. There is also evidence that many lenders are underwriting all mortgage loans more closely than they were a year ago, giving increased attention to the type of job held by the prospective borrower as well as the locality in which his house is built.

In fact, there has been taking place a basic change in the market for all fixed-income investments, including mortgages, since the turn of the year. Demand for long-term funds has risen to the point where it not only equals the supply, but actually threatens to exceed it. As a consequence, interest rates have been firming slowly but unmistakably, money has been growing tighter, and yields on bonds, mortgages and similar securities have tended to rise.

Any fundamental change of this nature comes slowly and lasts for some time and usually continues until there is a fundamental change in the level of business activity or in governmental credit policy. With all types of construction booming, with the level of business high and with stock prices steadily going up, it is not likely that the demand for credit will decrease and/or that our banking authorities will change their credit policy in the near future. The rest of the year, therefore, is likely to be a period in which the balance in the money market will tend to be more and more in favor of the lender rather than the borrower.

Rate Trend Upward

The upward trend in interest rates has been evident in both corporate and government securities since the turn of the year. In mid-December the long-term 3¼s of 1978-83 were still selling above 110. Currently, they are down to 106¾. Similarly, from the end of November to the beginning of March the yield on 90-day Treasury bills increased from 0.90% to 1.41%. The Dow-Jones yield index of 20 municipal bonds has risen during this period from around 2.20% to nearly 2.45%. Bankers' acceptances and commercial paper were marked up by ⅛-¼% in January for the first time in 19 months, and recently they were increased again. There is ample evidence that money is getting tighter.

The rise in interest rates, as one would expect, has affected the mortgage market. In particular, there has been a marked tightening in the market for VA mortgages. Last fall several of the large life insurance companies, in their eagerness to build up their portfolios, opened their books wide to 30-year, no-down-payment VA loans. At the peak of the market some were paying par for them. Today, however, a definite retreat from these generous terms is in progress among insurance companies, savings banks and other major lenders.

Some institutions are now setting a maximum of 25 years on VA maturities. Others are insisting on 5%-10% down payments. Allocation schemes, in which sellers offer a package of mortgages including both 30-year and 25-year loans, are growing increasingly popular. Lenders have likewise been talking tougher pricewise. In my opinion the going quotation for fairly good VA loans has slipped to 98½, and mortgages originating in less desirable parts of the country, or covering more doubtful credit risks, are changing hands at a full point less. Recently, I purchased for 98 one-half million of good VA loans having a term of 25 years and with down payments of from 5 to 10%.

More GI and VA Loans

There is every indication that the volume of government guaranteed loans will increase at least for the next few months. This may be seen in the fact that the VA received appraisal requests for over 75,000 proposed and existing homes in January; the figure actually was 2,200 more than in December and 121% in excess of the appraisal requests filed in January, 1954. For 1955 it is expected that the total volume of GI loans will advance by about 7½% over record-breaking 1954, when lenders invested $4.3 billion in such mortgages. A similar situation exists for FHA. In fact, this agency has been using up its insurance authorization so fast that Congress recently was asked to approve an emergency increase of $1.5 billion in its lending authority to keep it going until June 30th. Its total authorization now stands at over $22 billion.

In view of these huge increases, what position as lenders ought we to take toward these long-term, low equity mortgages? Should we buy them willy-nilly without inspection just because some government agency insures or guarantees them? Or do we have a responsibility to pass upon them, to see that the houses are well built and that the purchasers have adequate incomes to carry their loans. It is a moot question and there is no unanimity on it among lenders.

I want to say here, however, that personally I think we do have such a responsibility and that at the institution which I head underwrites all its mortgage loans irrespective of government guarantees. I think it is our duty to do so.

Originally a supposedly temporary economic stimulant, the government-sponsored, long-term, low-equity mortgage has now become standard in real estate financing. Many mortgage lenders, vividly recalling the collapse of real estate prices and the mass foreclosures of the 1930's, take a dim view of this type of mortgage. They may make these loans but do so with reluctance and genuine concern. While opinions differ over both the equity that should be required and the maturity allowed, there is rather general agreement that the no-down-payment, 30-year mortgage is too great a deviation from sound lending practice and should be discontinued.

The Amortization Principle

But there is at least one improvement in the government-underwritten mortgage over the typical mortgage of the 1920's, namely, amortization. The present amortizing mortgage forces a frequent periodic repayment of principal, very small at first to be sure but increasing rapidly in the late years of the mortgage. In the 1920's mortgages called for infrequent principal payments and those called for were often honored more in the breach than in the observance. Further, although FHA and VA checks on the mortgagor's finances may not be very thorough, nevertheless they do focus attention to a greater degree than was done in the 1920's on his ability to carry his mortgage.

While much concern is manifested over the low (or absence of) equity in the typical government-backed mortgage, it should be noted that this equity was not as large in the 1920s as it seemed. A careful examination of the mortgage picture in the late 1920s would disclose that despite a high book equity in the first mortgage the use of second and even third mortgages was so wide that in many cases the owner's real equity was virtually nonexistent. I suspect that there were apartments financed with little or no equity in them even before the days of the 608s.

Even more important than the rapid rise in the total mortgage debt outstanding is the ability of the borrowers to meet the carrying charges on their loans. Here is the real heart of the present mortgage problem. Unfortunately, while there are reliable statistics on the total mortgage debt outstanding there are no official figures on its carrying costs. It seems likely, however, that the proportionate rise in the carrying charges has been somewhat less than the increase in the total debt because of greater use of the government-backed mortgage with its longer payout period and its relatively low interest rate.

Impact of Carrying Charges

While the present carrying charges in relation to income may not be too burdensome for most borrowers, we must at the same time be mindful that mortgage debt is only one of several elements in the personal debt structure. Since other forms of personal debt are also rising, it is clear that an increasingly large part of the average family income is locked in by loan repayments. Consumer and instalment debt has been showing an even more rapid rise than mortgage debts.

Differences of opinion about the desirability of the government-backed mortgage often appear to arise from a conflict between economic and sociological thinking. Many persons who are sympathetic to the problems of young families, and vitally interested in the nation's progress feel that these generous terms may be doing the borrower a disservice by overstimulating housing and by encouraging the borrower to assume larger obligations than he can meet. Others, equally sincere, believe as strongly that even if these liberal terms do result in some excesses and in forcing the family to budget closely they are increasing the nation's standard of living and strengthening its economy through wider home-ownership. As between these two views, I leave you to make your own choice.

Conclusions

My conclusions can now be summarized somewhat as follows:

(1) We are not over-built. The present rate of house building, however, is excessive. It cannot long be maintained without caus-

ing trouble, undermining real estate values and increasing foreclosures. Vacancies are increasing. Their extent, however, is not serious except in certain types of apartments and in old-fashioned large houses located in central city areas. Too much importance must not be attached to vacancies in such buildings because in a very real sense they represent marginal housing, or at least housing that does not meet today's needs.

(2) The difference between new family formations and the number of new building units constructed should not be taken as a measure of the excess of current new building. Large numbers of dwellings become obsolete every year. Many of the so-called reconditioned apartments, made over stores and out of antiquated old houses which were occupied after the war, represent sub-marginal housing units. Many of them are now being abandoned and will probably remain vacant from now on.

(3) The increase in the number of households occupied by one person is another new factor in the demand for housing. It is estimated that there are 5½ million single-person households currently being maintained. They are occupied by unattached persons both old and young, widows, bachelors and spinsters. In less prosperous times they lived with relatives. Given a reasonably high level of business activity, it is my belief that the country can support approximately one million new housing units each year without becoming over-built. This calls for a reduction from present levels of about 250,000 to 300,000.

(4) The building boom has been based upon cheap—perhaps too cheap—credit. While few lenders would like to see the long-term government guaranteed or insured mortgage abolished, I think it must be admitted that there have been times during the past decade when mortgage credit based on these terms has been abused. 1947-1948 was such a period. I think this situation also exists today.

(5) The 30-year, no-down-payment, GI loan should be abolished. Requirements should currently provide for not less than a 5% down payment and there should be no more than a 25-year maturity on all GI and FHA loans. I have never been in favor of the 100% loan. An individual who borrows the total value of his collateral has nothing to lose when he defaults on his loan. In substance, when the government guarantees or insures a loan which represents approximately the full value of the property securing the same, the effect is to make the mortgagor a rentor paying his rent in the form of interest.

(6) Amortization on a 30-year loan is too slow. It is doubtful considering the construction now being used whether this rate takes care of depreciation. It certainly will not if the owner does not maintain the property in good condition. This is one of the very real dangers in the long-term, no-down-payment loan. While the current amount of mortgage debt does not necessarily post a serious hazard to business stability, the recent rate of growth of this debt must decline or trouble is ahead. Last year mortgage debt secured by one- to four-family dwellings increased by more than $9 billion, reaching an all-time high of $75 billion. It is estimated that this year another $10 billion will be added and that the total mortgage debt will be over $85 billion by 1956. An increasingly large percentage of these mortgages are either VA guaranteed or FHA insured so that it is safe to assume that the security back of these loans is gradually becoming smaller year by year. This is not a good trend.

(7) While there is some reason for thinking that the government may make the terms of its guaranteed loans more strict in the near future, I am afraid that in view of the political implications, any stiffening of the terms will be moderate, to say the least. Organizations of veterans are always insisting that the terms of GI loans be made more rather than less lenient. Real estate associations are likewise prone to take a similar attitude toward the FHA. The outlook for improvements here is not good.

(8) Private lenders are now beginning to show signs of increasing selectivity in the making of mortgages. This is the principal reason for thinking that the current housing boom will be curtailed later in the year. At the present time VA loans are selling at a discount in many communities and there has been a gradual rise in interest rates since the beginning of the year on conventional loans. If the Federal Reserve authorities do not take steps to increase the money supply, the gradual firming of money rates which will take place because of the high level of business and speculative activity will be sufficient to slow down the building boom within the current year. Of this I have no doubt.

(9) The demand for housing today which keeps the current boom running is supported by high personal incomes and is based on very liberal mortgage terms. While I see no reason for fearing a marked decline in personal incomes in the near future, there is currently taking place a gradual and moderate stiffening of mortgage terms. As always when interest rates rise, lenders are manifesting an increasing selectivity in their investments. I believe this will reduce the building boom to satisfactory proportions by the year-end.

(10) Conditions today call for moderate restrictions on mortgage credit. We should all be more selective in the making of our mortgages. We should not put all this responsibility on the government agencies and indiscriminately purchase GI and FHA loans merely because the government guarantees them. Here I want to be understood as merely sounding a note of caution. I do not want you to think that I am recommending that you stop making mortgage loans. Experience has shown that a well selected portfolio of amortized mortgage loans secured by owner-occupied dwellings is one of the best investments that a savings bank or a life insurance company can have.

(11) Our country needs a thriving home building industry to be prosperous. It is one of the principal functions of our institutions to finance this industry. But we do not want to over-finance it so as to encourage too much speculative building and the unwise purchasing of homes. All of us whether lenders, borrowers or builders profit from a stable building industry. We as lenders can probably do as much to insure this stability through the careful extension of credit as can any other group. What the future may have in store for us I do not know should the government for an extended period of time continue to pursue over-liberal mortgage credit policies. There is no cause for alarm, however, about the present situation. All current conditions call for the exercise of care and caution in this field.

Joins King Merritt Staff

(Special to The Financial Chronicle)

BENICIA, Calif.—Bernard Hoffer is now with King Merritt & Company, Inc.

With Harbison Henderson

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Nellie O. Sheppard has joined the staff of Harbinson & Henderson, 210 West Seventh Street, members of the Los Angeles Stock Exchange.

G. H. Walker, Jr., Pres. of N. Y. Bond Club

SCARBOROUGH, N. Y.—Geo. H. Walker, Jr., of G. H. Walker & Co. was elected President of The Bond Club of New York for the coming year to succeed Ranald H. Macdonald of Dominick & Dominick. The election took place at the annual meeting of the Bond Club held in conjunction with its Field Day at the Sleepy Hollow Country Club.

George H. Walker, Jr.

Blancke Noyes

Robert A. Powers

Robert J. Lewis of Estabrook & Co. was elected vice-president to succeed Mr. Walker. Blancke Noyes of Hemphill, Noyes & Co. was elected secretary and Robert A. Powers of Smith, Barney & Co., treasurer.

Three new members were elected to the board of governors: W. Scott Cluett of Harriman Ripley & Co., Inc.; Charles J. Hodge of Glore, Forgan & Co. and Norman Smith of Merrill Lynch, Pierce, Fenner & Beane.

Approximately 200 golf players will compete this year in the Bond Club Golf Tournament, which will be played over the Sleepy Hollow and Blind Brook golf courses.

Winners in the golf tournament were:

Ex - President's Cup for Low Gross: Frederick L. Ehrmann, Lehman Brothers, and V. Theodore Low, Bear, Stearns & Co., score 73.

Candee Cup for Low Net: Frank L. Mensell, Bylth & Co., Inc., and Joseph O. Rutter, Rutter & Co., score 65.

Christie Cup for Match Play against Par: Thomas D. Mann, Glore, Forgan & Co., and James C. Morrison, First Boston Corporation.

In the tennis tournament, Paul Heffernan, New York "Times," and Marvin Levy, Lehman Brothers won over Harold H. Sherburne, Bacon, Whipple & Co., and John Wasserman, Asiel & Co., with a score of 6-2, 6-3.

With Investors Planning

(Special to The Financial Chronicle)

BOSTON, Mass.—James H. McManus, Jr., John J. O'Neill, Charles S. Sharaf, and Angelo J. Treantos have been added to the staff of Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Neary, Purcell Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Mary W. Ball has joined the staff of Neary, Purcell & Co., 618 South Spring Street, members of the Los Angeles Stock Exchange.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

Back in 1947, after much importuning on the part of the banks, the Federal Treasury Department announced its formula under which banks were permitted to set up so-called reserves for bad debts. Mindful of the losses resulting from bad loan accounts in the depression years of the 1930's, the banks quite naturally sought means to reserve against any future crisis losses of this sort.

The Treasury's answer was a plan under which a bank was permitted to reserve, tax-free, an amount equal to not more than three times a 20-year period of bad debt experience, applied to loans outstanding at the end of each year. This operated satisfactorily at its inception, for in 1947 through, let us say, 1953, the 20-year period had in it the depression years of 1930 to 1933 when the loan losses were so heavy, and that being the case, the allowable reserves were large, too; and these bad debt reserves are set up tax-free.

But when the 20-year period got beyond 1952 and 1953 it began to take the banks into the recovery period in the middle 1930's, when not only were the loan losses of the banks much smaller than in the few immediately preceding years, but recoveries from bad accounts began to be realized. It was obvious to the banks at this time that, as the start of the 20 years on a moving average basis became later and later, bad debt losses would decrease, while loan volume could be on the rise. The Treasury formula was then changed to permit the use of any consecutive 20 years subsequent to 1927, at the bank's option, instead of the 20-year moving average basis, under which, in each succeeding year, the first year of the 20 was dropped for the purpose of the formula and a new 20th year was added.

This new ruling made it possible for a bank to utilize the 20-year period (subsequent to 1927) that best worked in with its loan loss experience. Consequently, sizable additional reserves, tax-free, became possible in 1954; and by the end of 1954 some of the New York City banks' total set-asides were as follows, **the early 1955 mergers not having been taken into consideration:**

Bankers Trust	$7,659,000
Bank of Manhattan	12,000,000
Bank of New York	*
Chase National	42,312,000
Chemical Corn Exch.	*
Empire Trust	1,537,000
First National	†
Guaranty Trust	9,740,000
Hanover Bank	8,043,000
Irving Trust	8,328,000
Manufacturers Trust	27,320,000
J.P.Morgan & Co., Inc.	5,500,000
National City	‡40,000,000
New York Trust	4,596,000
Public National	2,268,000
United States Trust	None

*Not available.
†Negligible.
‡Approximate.

It should be emphasized that these reserves are apart from other reserves, such as those carried for taxes, interest, etc., and particularly those that have been set up as general contingency reserves. In some instances the latter are quite large (National City, $10,000,000; Chemical Corn Exchange, $7,237,000; Chase National, $6,430,000, etc.). It is the general practice among the banks to carry the bad debt reserve as a deduction from loans and discounts in its statement of condition at any given date.

Over the years that the formula has been operative some of the funds in the annual set-aside have come from earnings, and some from other reserve accounts and from tax savings resulting from the reserving. While these reserves have become quite large, they do not, of course, compare in size with the charge-offs of some of the banks in the early depression years, for it must be remembered that on that occasion most of the large New York banks had security affiliates (now forbidden by law), and a very large proportion of the charge-offs at that time was on losses by the affiliates, with less applicable to losses on bad debts. Furthermore, the leading banks are not as liberal, creditwise, as they were in the 1920's when margins were relatively thin and much pyramiding was practiced.

With Walston Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Philip L. Malmin has become associated with Walston & Co., 550 South Spring Street. Mr. Malmin was previously with Hemphill, Noyes & Co., and Shearson, Hammill & Co.

Reynolds Adds to Staff

(Special to The Financial Chronicle)

OAKLAND, Calif. — David J. Peterson has been added to the staff of Reynolds & Co., 1404 Franklin Street.

Pershing Co. Admits Three New Partners

Pershing & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Andrew Gray, Otto E. Kuhlmann and Charles M. Lockwood have been admited to general partnership in the firm. The new partners have been associated with the firm for many years.

Admission of the new partners was previously reported in the "Chronicle" of May 26.

W. H. Guild Joins Burke & MacDonald

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — William H. Guild has become associated with Burke & MacDonald, Inc., 17 East 10th Street, members of the Midwest Stock Exchange. Mr. Guild was formerly an officer of Commercial National Bank.

B. C. Morton Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Emil Metropole is now with B. C. Morton & Co., 131 State Street.

Joins Sutro & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Philip E. Sperry has rejoined Sutro & Co., Van Nuys Building. Mr. Sperry has recently been with H. L. Jamieson & Co., Inc.

Nashville Security Dealer Summer Party

NASHVILLE, Tenn.—The Security Dealers of Nashville will hold their annual party June 30 and July 1 at the Hilwood Country Club and Belle Meade Golf and Country Club. Reservations should be made by June 23 with Rudolph Lauper, First American National Bank. Reservation fee $25.

Members of the committees are:

General Committee: Herbert Petty, Equitable Securities Corporation; Tom Hudson, Equitable Securities Corporation; Jack Larkin, Mid-South Securities Co.

Invitation & Reception: Carr Payne, Cumberland Securities Corporation; Bob Ledyard, Equitable Securities Corporation; Cotton Clark; Einer Nielsen, J. C. Bradford & Co.

Reservation & Registration: Rudy Lauper, First American National Bank; Walter E. Bell, Equitable Securities Corporation.

Food & Drink: Bill Hendrix, Equitable Securities Corporation; Lem Clymer; Marion Thomas, W. N. Estes & Co.

Tickets: Peyton Evans, Cumberland Securities Corporation; Ray Martin, Temple Securities Corporation.

Prizes: Ken Schoen, J. C. Bradford & Co.; Tom McGlothlin.

Golf: Tom Temple, Temple Securities Corporation; Jay Ward, Third National Bank; Matt Pilcher, Mid-South Securities Co.

Transportation: Otto Simpkins, Merrill Lynch, Pierce, Fenner & Beane; Ed Kirkpatrick, Clark, Landstreet & Kirkpatrick; Gene Penedict, Spencer Trask & Co.; Dick Shillinglaw, Mid-South Securities Co.

With Marache Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Gerald C. Benezra, Jeanne B. Kaciemba and Merrill J. Luther, Jr. have become affiliated with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Blair Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Genevieve E. Henkle has joined the staff of Blair & Co., Incorporated, 105 South La Salle Street. Mrs. Henkle was previously with the Marshall Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Despite the bearishness which seems to have enveloped the government market, there appears to be a fairly good demand around among investors for some of the longer-term Treasury issues. It is reported that certain buyers of government bonds have decided to make commitments in not too large amounts in selected issues, because the yields of these securities appear to be satisfactory at present prices. To be sure, it does not take too much in the way of buy orders to have a noticeable influence upon quotations, because the floating supply of the more distant maturities at prevailing levels is rather limited.

The short-term market is still the important one as far as size and activity are concerned, but it seems as though it would not take very much in the way of a change in attitude to push a good part of these funds into the intermediate and longer-term government obligations.

A Restricted Market

The medium and longer term issues continue to give evidence that interest in these obligations has broadened somewhat, even though there does not yet seem to be the kind of buying in these securities which is usually associated with accumulation in anticipation of a turn for the better or a change in trend. The market in most Treasury obligations, with the exception of the near-term ones is still thin and largely on the restricted side. This gives to the market a considerable amount of professionalism, which means that not too important price changes take place in both directions. This has been the case for quite sometime now, especially since the monetary authorities have been exerting pressure on the money markets.

Because the government market has been on the defensive for an extended period, positions of dealers are very small, according to advices, and as a result it does not take much in the way of demand to have a noticeable influence upon prices of the more distant Treasury issues. Along with this, comes reports of a drying up in the selling, since it is indicated that many owners of the longer-term government obligations are not inclined to let them out at current levels. Also, it is reported that there are fair-sized short positions in certain of the longer-term issues, which adds to the demand for these securities when it looks as though investors are taking on some of these obligations.

Large Patential Demand For Bonds

The fact that there has been a change in attitude towards the middle and longer term government obligations may be a forerunner of what could develop, since it seems as though the bearishness which is, and has been around, could be overdone. It is the opinion of certain money market specialists now, that there is a substantial amount of funds which could be put to work in the more distant Treasury issues as soon as conditions appear to warrant such action. Likewise, the opinion seems to be getting stronger that, while there may be further downward adjustments in quotations of some of the longer-term obligations, the bulk of the decline appears to have been witnessed already.

In addition, it is being pointed out that with the market as thin as it is, and positions of most of the longer-term issues in hands of dealers and traders very small or nearly non-existant, it is not going to be easy to pick up these bonds when as, and if a turn takes place.

Activity Centered on 3s and 3¼s

The demand that has been around for the 3s of 1995, which appears to be the bellwether of the more distant government market, spread out into some of the 2½% bonds, even though the buying so far has been more on the cautious side as far as the latter obligations are concerned. There has been a good two-sided market in both the 3s and the 3¼s, according to reports, with some rather sizable trades being made in both of these issues.

The betterment which has been evident in the government market has had a favorable effect upon corporate and tax-free obligations, with some of the issues which have been on the "sticky side" moving out into the hands of investors. The new offerings of public utility bonds which had been slow have been pretty well digested in the past week.

Real estate loans of commercial banks continued to edge upward, with reports that the warehousing of mortgages is an important factor in this trend. On the other hand, the smaller deposit institutions also appear to be making quite a few new mortgage loans.

With Central Republic Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Francis J. Hess, Jr., is now connected with Central Republic Company, Boatmen's Bank Building.

Joins Central Republic

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — John S. Reidhead, Jr., has been added to the staff of Central Republic Company, Rand Tower.

De Haven & Townsend

OCEAN CITY, N. J.—De Haven & Townsend, Crouter & Bodine, members of the New York and Philadelphia-Baltimore Stock Exchanges, have opened a branch office in the Flanders Hotel under the management of William D. Townsend.

Cosgrove, Miller Branch

WILLIAMSTOWN, W. Va. — Cosgrove, Miller & Whitehead, members of the New York Stock Exchange, have opened a branch office at 707 Columbia Avenue. John V. Everett will represent them.

With Reynolds Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Lee A. Singer is now affiliated with Reynolds & Co., 629 Second Avenue, South.

Straus, Blosser Adds

(Special to The Financial Chronicle)

DETROIT, Mich. — Warren H. Tipton has been added to the staff of Straus, Blosser & McDowell, Bankers Equitable Building. Mr. Tipton was previously with Baker, Simonds & Co.

Railroad Securities

Illinois Central

Railroad traffic statistics continue week by week to make very encouraging reading, and from all indications earnings are continuing to move forward at an even more rapid pace. On the whole, rail stocks in recent weeks have not paid too much attention to this accumulation of good news. There have been individual strong spots in the list, and, which is rather unusual, some of the notable price advances have been in the highly speculative category and others have been registered by recognized investment issues. On average, the market has been what might well be termed incoherent, with no definite pattern emerging to indicate a predominance of either investment or speculative influence on price movements. During this period it has seemed to many analysts that good values in stocks that in the past have been among the leaders are now being neglected. While the list of such stocks is long, one of the outstanding examples is to be found in Illinois Central.

Illinois Central common so far this year has traded in an unusually narrow range and by the end of last week was selling not far above the average of the 1955 high and low. At the same time, its operating performance and its trend of earnings have both been highly favorable. Also, the background information, as contained in statements at the annual meeting and to the press, indicates the likelihood of further improvement in the company's position and outlook. For one thing, it has been stated that the company's diesel program will be accelerated. The road has been rather laggard in this direction for a number of reasons — it has few grades, it had a large fleet of relatively new and efficient steam locomotives, and it is a large carrier of coal.

Even without a large degree of dieselization the road had been an efficient operation but it is the opinion of most analysts that this traditionally high level of operating efficiency will be improved upon with the new power. Another development that has been considered favorable by railroad students is that the company has finally decided to go into the piggy-back service which, on the basis of the experience of other railroads, is expected to better the company's traffic position. It is true that neither of these two developments is apt to have any immediate influence on the road's earnings but the intermediate and longer term implications are favorable and they do indicate a forward looking attitude on the part of management. Finally, even though the management has stated that further debt retirement is contemplated it is felt that this will not involve the substantial cash outlays that have been made in recent years. Rather, it is expected that the desired end will be achieved largely through operation of sinking funds applicable to bonds now outstanding.

All things considered, the road did a good job last year despite the economic readjustment and the consequent decline in traffic. Earnings on the common came to $7.68 a share which was well above the average for the preceding 10 years and compared with $9.30 shown in the boom year 1953. Moreover, after a rather slow start, the road is doing very well in the current year to date. In particular, it can be noted that for the month of April alone the transportation ratio was cut more than five points compared with a year earlier, to 32.6%, and that net income more than doubled. For the full four months net income increased to $7,433,000 from $4,800,000 a year earlier and common share earnings, based on the present stock capitalization, came to $2.41 compared with $1.56 for the like 1954 interim. While the year-to-year earnings gains are not apt to continue at the April rate it is believed that some further improvement is almost inevitable and for 1955 as a whole something in the neighborhood of $9.00 seems possible on the increased number of shares now outstanding. On this basis those close to the situation consider a further increase in the dividend likely.

Davis, Pres. of Natl. Analysis Societies

Shelby Cullom Davis, managing partner of Shelby Cullom Davis & Co. of New York became President of the National Federation of Financial Analysts Societies, succeeding M. Dutton Morehouse of Brown Bros. Harriman & Co. This organization of 4,500 financial analysts from 18 affiliated societies in the country's leading financial centers selected Robert J. Wilkes of Scudder, Stevens & Clark of Boston as Executive Vice-President.

Shelby Cullom Davis

Mr. Davis was formerly First Deputy Superintendent of Insurance in the State of New York and his firm is the oldest in this country specializing in insurance stocks. He was President of the New York Society of Security Analysts 1947-48 and has had a seat on the New York Stock Exchange since 1940. He is a trustee of the College Retirement Equities Fund, a trustee of Lawrenceville School, a member of the Graduate Council of Princeton and President of the Sons of the Revolution in the State of New York.

George M. Hansen of Keystone Custodian Funds of Boston was re-elected Secretary - Treasurer. Members of the Executive Committee appointed included Richard W. Lambourne of Dodge & Cox, San Francisco and Pierre R. Bretey of Hayden, Stone & Co., New York in addition to Messrs. Davis, Wilkes, Hansen and Morehouse.

Plans were revealed by Mr. Davis for the Federation's first annual seminar to be conducted in Beloit, Wisconsin, in cooperation with the University of Chicago and under the chairmanship of Mr. Morehouse. The seminar will be limited to 100 analysts from all over the country. For one week they will live amid academic surroundings and conduct discussions of economic and financial problems. Mr. Davis also announced that considerable progress has been made toward the Federation's goal for certification of financial analysts akin to the CPA designation in accounting or CLU in insurance and appointed a committee headed by A. Moyer Kulp of Wellington Fund, Philadelphia, to bring in a final report.

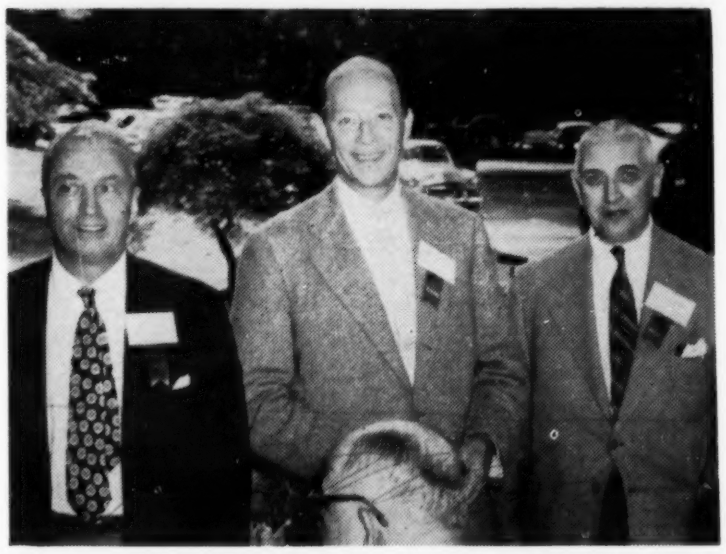
Herbert D. Oppenheimer

Herbert D. Oppenheimer, member of the American Stock Exchange, passed away on May 30.

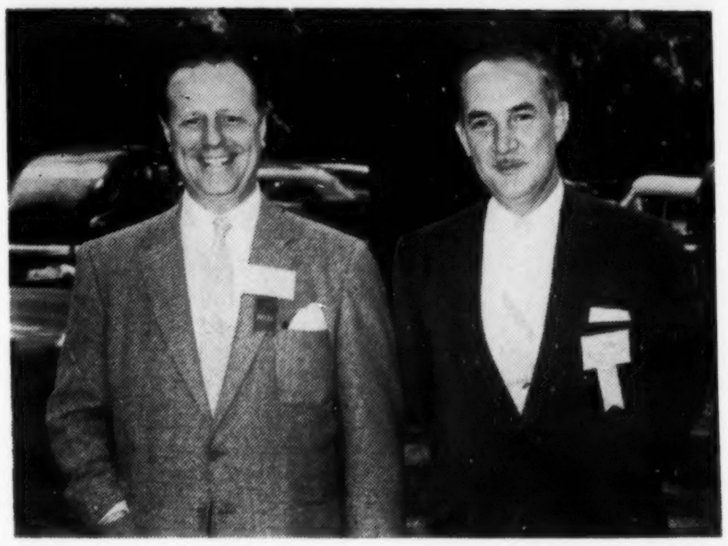
Bond Club of New York

Ranald MacDonald, *Dominick & Dominick;* Walter A. Schmidt, *Schmidt, Poole, Roberts & Parke,* Philadelphia; George H. Walker, Jr., *G. H. Walker & Co.,* newly elected President of the Bond Club

Edgar J. Loftus, *W. C. Langley & Co.;* Wright Duryea, *Glore, Forgan & Co.;* Harold H. Cook, *Spencer Trask & Co.;* Hudson B. Lemkau, *Morgan Stanley & Co.*



Robert J. Lewis, *Estabrook & Co.;* Ernest W. Borkland, Jr., *Tucker, Anthony & Co.;* Joseph Ludin, *Dillon, Read & Co., Inc.*



Edwin L. Beck and Hal Murphy, *Commercial & Financial Chronicle*

Delmont K. Pfeffer, *First National City Bank of New York;* Thomas J. Connellan

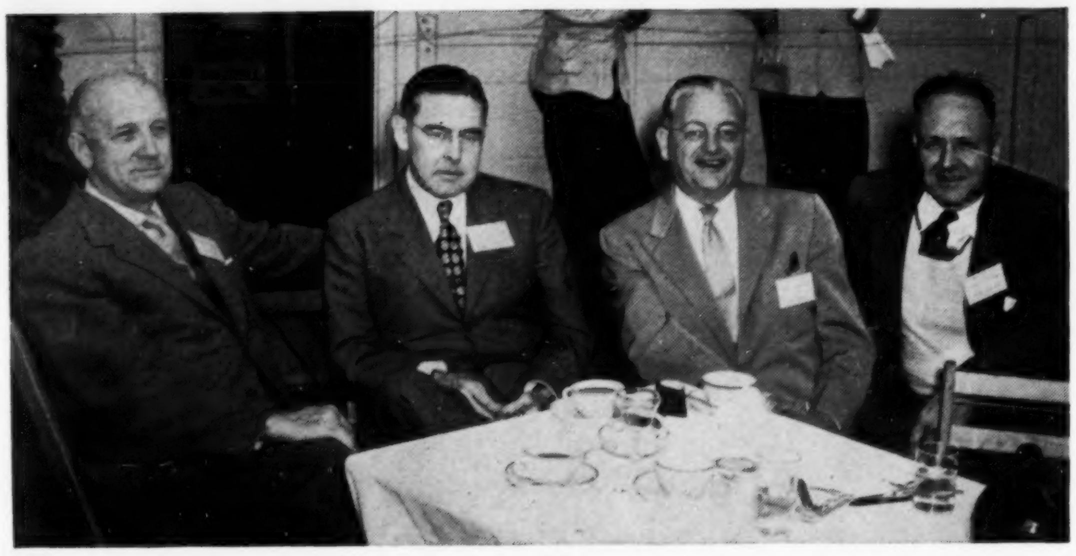
Edwin H. Herzog, *Lazard Freres & Co.;* Richard de La Chapelle, *Lee Higginson Corporation;* Earl K. Bassett, *W. E. Hutton & Co.;* Edward Glassmeyer, *Blyth & Co., Inc.*

William R. Caldwell, *First Boston Corporation;* George T. Flynn, *Hornblower & Weeks;* Theodore A. Glahn, *Salomon Bros. & Hutzler;* Robert E. Nowlan, *Stroud and Company, Incorporated*

Charles J. Hodge, *Glore, Forgan & Co.;* Norman P. Smith, *Merrill Lynch, Pierce, Fenner & Beane;* Blancke Noyes, *Hemphill, Noyes & Co.;* Wickliff Shreve, *Hayden, Stone & Co.;* John W. Dayton, Jr., *Clark, Dodge & Co.*

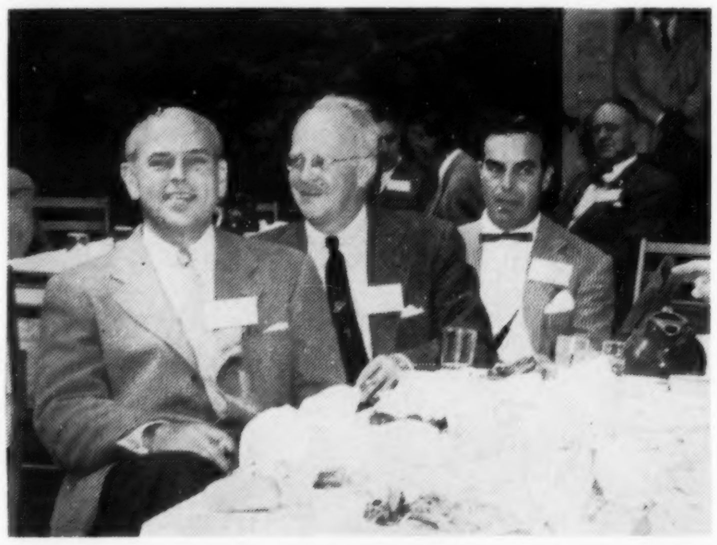
Urban D. Mooney, Jr., *Blair & Co., Incorporated;* Emmons Bryant, *Blair & Co., Incorporated;* Joshua A. Davis, *Blair & Co., Incorporated*

Annual Field Day



William R. Rovensky, *Hornblower & Weeks;* W. Ford Kennedy, *Francis I. du Pont & Co.;* Elmer F. Dieckman, *Glore, Forgan & Co.;* Col. Oliver J. Troster, *Troster, Singer & Co.*

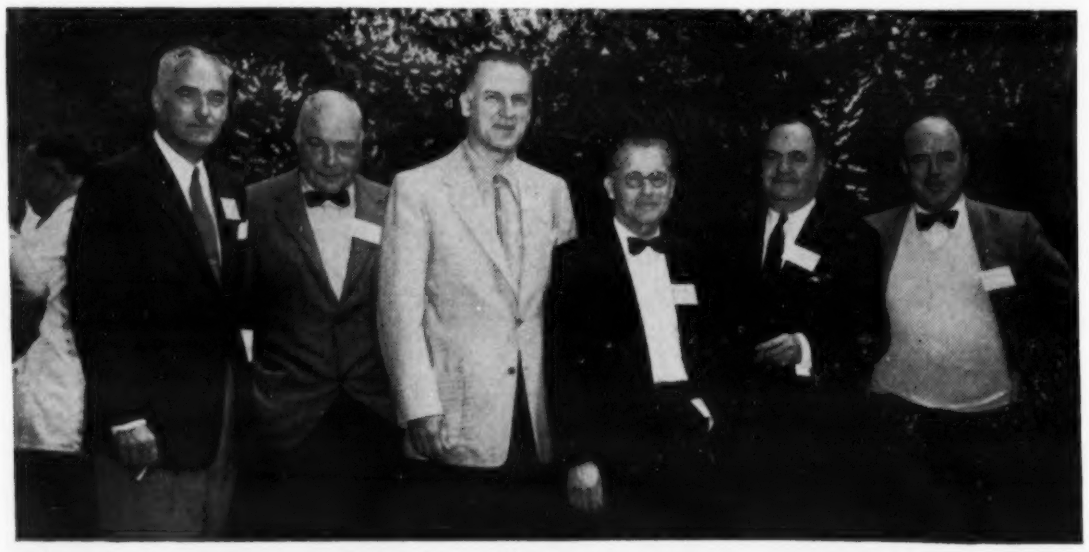
George N. Lindsay, *Swiss American Corporation;* Nevil Ford, *First Boston Corporation;* Marion Carter; Braman Adams, *Adams & Peck;* Daniel O'Day, *Northern Trust Company*



Durwin D. Algyer, *Goldman, Sachs & Co.;* James Adam Lyles, *First Boston Corporation;* Stanley R. Miller, *Goldman, Sachs & Co.*

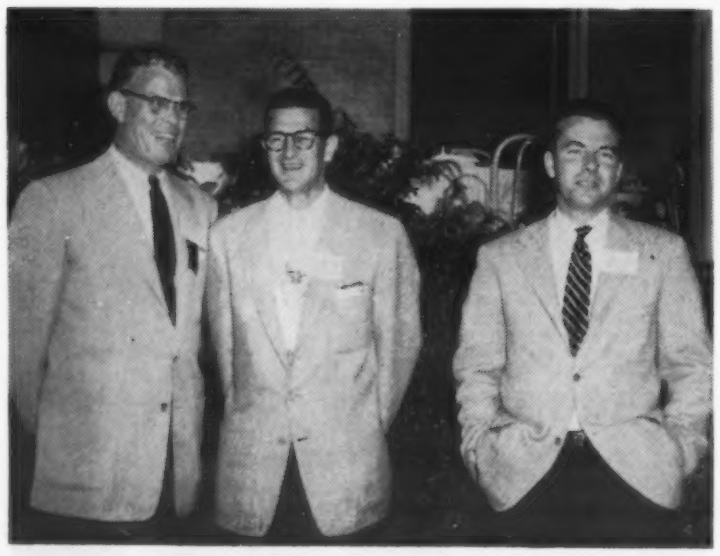
Benjamin B. McAlpin, Jr., *Laird & Company;* Hubert F. Atwater, *Wood, Walker & Co.;* George Bovenizer, *Kuhn, Loeb & Co.*

Howard Kimball Halligan, *Cyrus J. Lawrence & Sons;* Joshua A. Davis, *Blair & Co., Incorporated;* Dudley F. King



Andrew G. Curry, *A. E. Ames & Co., Inc.;* Albert J. Quist, *Glore, Forgan & Co.;* Carl Stolle, *G. A. Saxton & Co., Inc.;* W. L. Canady, *W. L. Canady & Co., Inc.;* George P. Rutherford, *Dominion Securities Corporation;* W. H. Reginald Jarvis, *McLeod, Young, Weir, Incorporated*

George Holzman, *Chase Manhattan Bank;* John T. Monzani, *Halsey, Stuart & Co. Inc.;* Edward A. Love, *Talmage & Co.;* Henry Stravitz, *Swiss American Corporation;* James W. Wolff, *Zuckerman, Smith & Co.*



Arthur F. Searing, *C. V. Starr & Co., Inc.;* William R. Caldwell, *The First Boston Corporation;* Julius H. Sedlmayr, *Merrill Lynch, Pierce, Fenner & Beane*

George E. Nelson, *Gregory & Sons;* Wm. H. Morton, *W. H. Morton & Co., Incorporated;* Fred D. Stone, Jr., *The Marine Trust Company of Western New York*

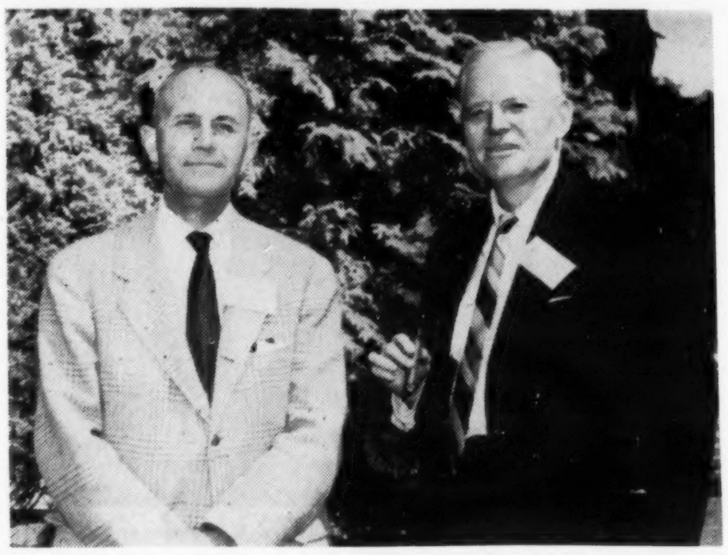
G. Leonhard Boveroux, *Robert Garrett & Sons,* New York; Charles S. Werner, *Wertheim & Co.;* John Simmen, *U. S. Trust Company of New York*

Held June 3, 1955

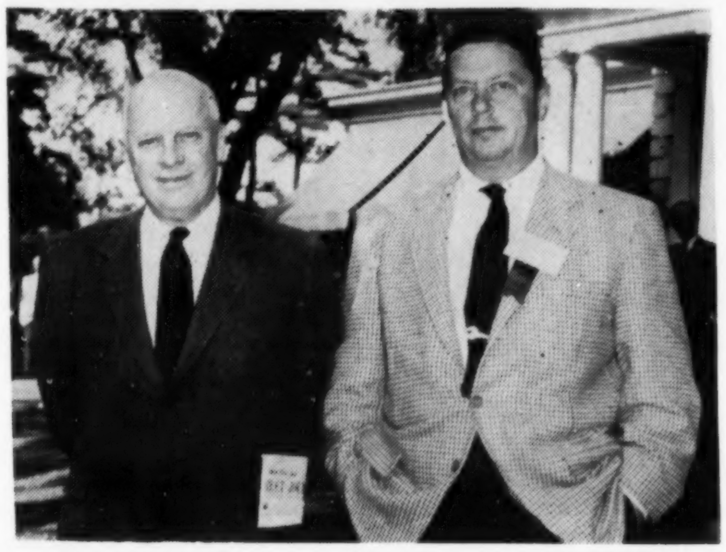
Austin A. Graham, *Merrill Lynch, Pierce, Fenner & Beane;* Robert C. Johnson, *Kidder, Peabody & Co.;* Robert H. Chamberlin, *Brown Brothers, Harriman & Co.;* Orland K. Zeugner, *Stone & Webster Securities Corporation;* Morton H. Fry, *Riter & Co.*

Homer J. O'Connell, *Homer O'Connell & Co., Inc.;* Thomas S. Evans, *Homer O'Connell & Co., Inc.;* Augustus J. Martin, *U. S. Trust Company of New York;* Harold J. Schluter, *First National Bank of Chicago;* Charles E. Doyle

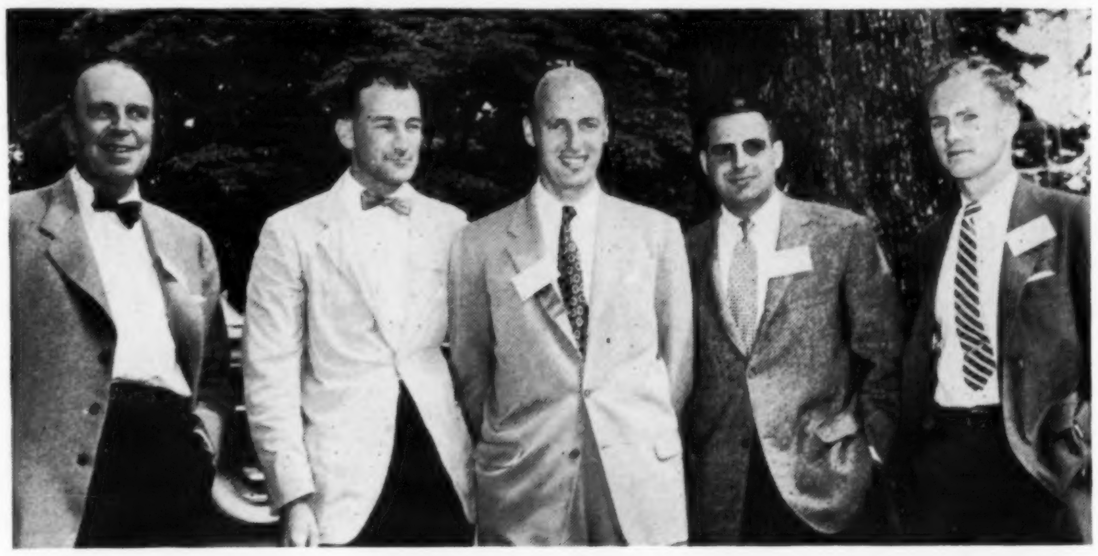
James F. Burns, Jr., *Harris, Upham & Co.;* Eugene P. Barry, *Shields & Company;* Paul Devlin, *Blyth & Co., Inc.*



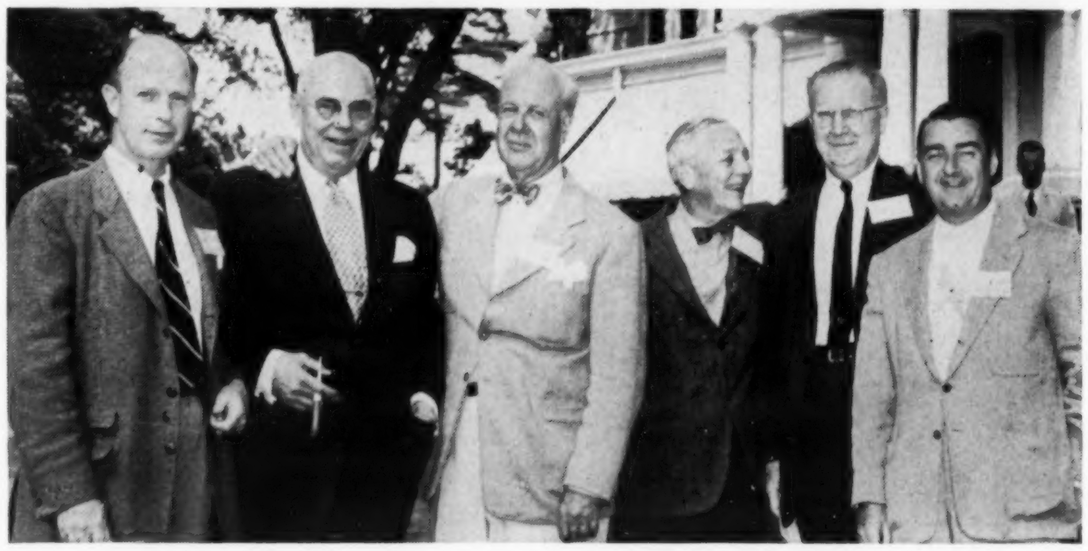
Austin Brown, *Dean Witter & Co.;* David J. Lewis, *Paine, Webber, Jackson & Curtis*



Lee M. Limbert, *Blyth & Co., Inc.;* Eugene M. Geddes, *Clark, Dodge & Co.*



D. Frederick Barton, *Eastman, Dillon & Co.;* Paul L. Sipp, Jr., *First of Michigan Corporation;* Harry Allan Jacobs, Jr., *Bache & Co.;* John L. Weinberg, *Goldman, Sachs & Co.;* Norman W. Stewart, *F. S. Smithers & Co.*



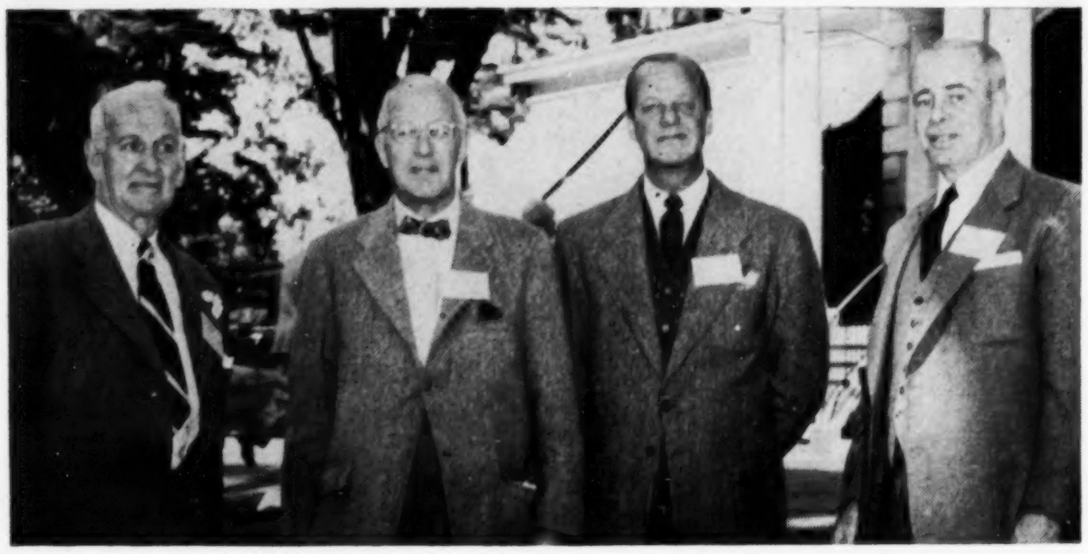
Robert Clark, *Calvin Bullock, Ltd.;* Stanley Russell, Montclair, N. J.; Richard C. Noel, *Van Alstyne, Noel & Co.;* Milton S. Harrison, *Wood, Struthers & Co.;* Frank M. Stanton, *First Boston Corporation;* Francis A. Cannon, *First Boston Corporation*

Paul A. Conley, *Blyth & Co., Inc.;* Robert M. Leslie, *Blyth & Co., Inc.;* Stanley A. Russell, Jr., *Blyth & Co., Inc.*, Philadelphia

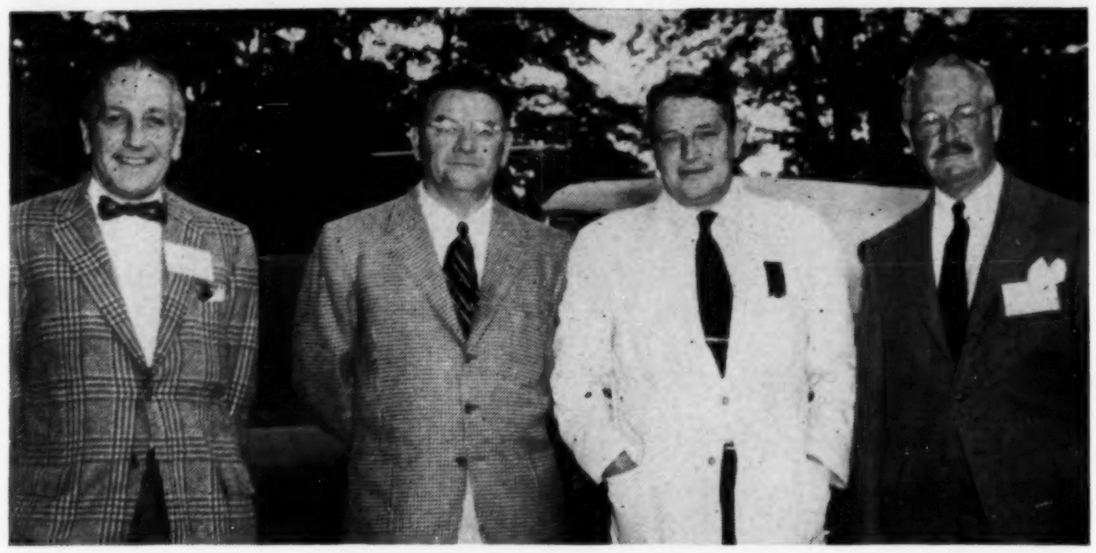
John J. Clapp, Jr., *R. W. Pressprich, Jr. & Co.;* Augustus W. Phelps, *Phelps, Fenn & Co.;* David H. Callaway, Jr., *First of Michigan Corporation;* Walter C. Veigel, *Halsey, Stuart & Co. Inc.*

Elwood D. Boynton, *Hallgarten & Co.;* Joseph S. Nye, *Cosgrove, Miller & Whitehead;* Samuel Goldschmidt

At Sleepy Hollow Country Club

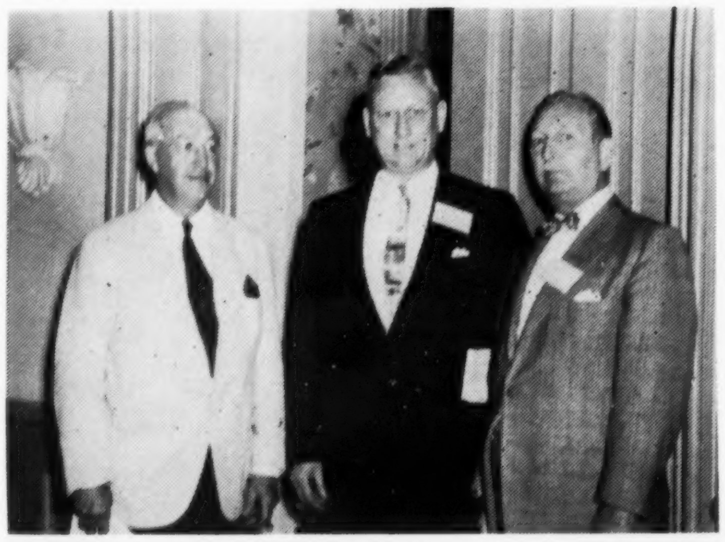


C. Gerard Dodge, *Cohu & Co.;* E. F. Grant Taff; Edward S. Johnston, *Wood, Gundy & Co., Inc.;* John M. Lee



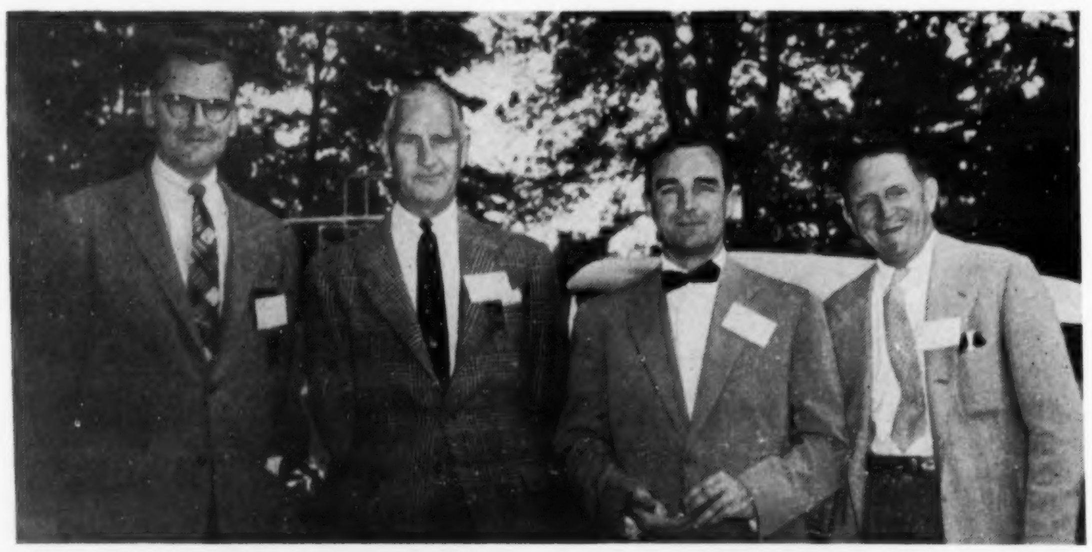
Allan C. Eustis, Jr., *Spencer Trask & Co.;* Charles F. Bryan, *Spencer Trask & Co.;* Brittin C. Eustis, *Spencer Trask & Co.;* Arthur L. Hawley, *Lionel D. Edie & Co.*

Edgerton B. Vinson, *De Haven & Townsend, Crouter & Bodine;* Walter H. Weed, Jr., *Union Securities Corporation;* Norman P. Smith, *Merrill Lynch, Pierce, Fenner & Beane*



Emil Williams, *A. M. Kidder & Co.;* Edward G. Peterson, *New York Trust Company;* Malon S. Andrus, *J. G. White & Company, Incorporated*

James J. Lee, *W. E. Hutton & Co.;* Paul L. Sipp, *First of Michigan Corporation;* William K. Paton, *Farmers Bank of the State of Delaware,* Dover, Del.



Raymond Stitzer, *Equitable Securities Corporation;* J. Raymond Smith, *Weeden & Co.;* Thorburn Rand, *Rand & Co.;* Malcolm A. Sedgwick, *Home Insurance Company*

Paul F. Hay, *W. C. Langley & Co.;* William R. Coe, *Virginian Railway Co.;* Wright Duryea, *Glore, Forgan & Co.;* Richard W. Baldwin, *Reynolds & Co.*

Walter V. Kennedy, *Coffin & Burr, Incorporated;* John S. Linen, *The Chase Manhattan Bank;* Francis J. Cullum, *First Boston Corporation;* Al Stalker, *Kidder, Peabody & Co.;* Robert L. Thayer, *Lehman Brothers*

Joseph D. Davis, *Equitable Life Assurance Society;* Walter W. Cooper, *F. S. Smithers & Co.;* August Belmont, *Dillon, Read & Co., Inc.;* Allen J. Nix, *Riter & Co.;* Alfred J. Ross, *Dick & Merle-Smith;* Orin Tuck Leach, *Estabrook & Co.;* Marion Carter; Edward H. Nelson, *Gregory & Sons;* Edward R. Greeff, *Adams & Peck*

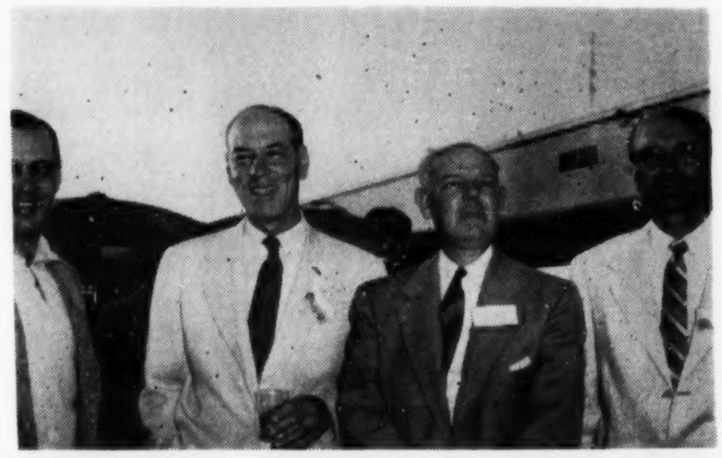
Annual Joint Spring Outing

Harry J. Arnold, *Goldman, Sachs & Co.*, New York City; A. Ossian, *Dempsey-Tegeler & Co.*, Los Angeles; Dick O'Neil, *Fairman & Co.*, Los Angeles, President of Security Traders Association of Los Angeles; Al Hewitt, *First California Company*, San Francisco

Henry Perenon, *Henry F. Swift & Co.*, San Francisco, President of San Francisco Security Traders Association; Houston Hill, Jr., *J. S. Strauss & Co.*, San Francisco; Rudy Sandell, *Shuman, Agnew & Co.*, San Francisco; Paul H. Aschkar, *Dempsey-Tegeler & Co.*, Los Angeles

Pete Kosterman, *Zilka, Smither & Co., Inc.*, Portland, Oreg.; Collins Macrae, *Wulff, Hansen & Co.*, San Francisco; William Faulkner, *Wulff, Hansen & Co.*, San Francisco; Maury Kessler, *Wells Fargo Bank*, San Francisco

Arthur Gambarasi, *Shaw, Hooker & Co.*, San Francisco; Bob Ahart, *Walston & Co.*, San Francisco; Dick Hennig, *First California Company*, San Francisco; John Cunnie, *First California Company*, San Francisco



Robert Diehl, *Paine, Webber, Jackson & Curtis*, Los Angeles; J. Earle May, *J. Earle May & Co.*, Palo Alto; George Carson, *Reynolds & Co.*, San Francisco; William Patten, *Blyth & Co., Inc.*, Seattle

Phil Clark, *Amos C. Sudler & Co.*, Denver; Walter Vicino, *Blyth & Co., Inc.*, San Francisco; Walter Schag, *Davis, Skaggs & Co.*, San Francisco; Louis Spuller, Jr., *Elworthy & Co.*, San Francisco

Frank Link, *Harris, Upham & Co.*, Los Angeles; N. B. Van Arsdale, *Blyth & Co., Inc.*, Los Angeles; Gordon Crockett, *Crockett & Co.*, Houston; Donald Summerell, *Wagenseller & Durst, Inc.*, Los Angeles

Milt Reiner, *Wells Fargo Bank*, San Francisco; Everett Williams, *Wells Fargo Bank*, San Francisco; Gene Koch, *First Boston Corporation*, San Francisco; Bob Green, *Pledger & Company, Inc.*, Los Angeles

William Zimmerman, *Bingham, Walter & Hurry, Inc.*, Los Angeles; Max Ibers, *Coombs & Co. of Los Angeles, Inc.*, Los Angeles; Forest W. Shipley, *Morgan & Co.*, Los Angeles; Bob Pearson, *Combs & Company*, Salt Lake City, Utah

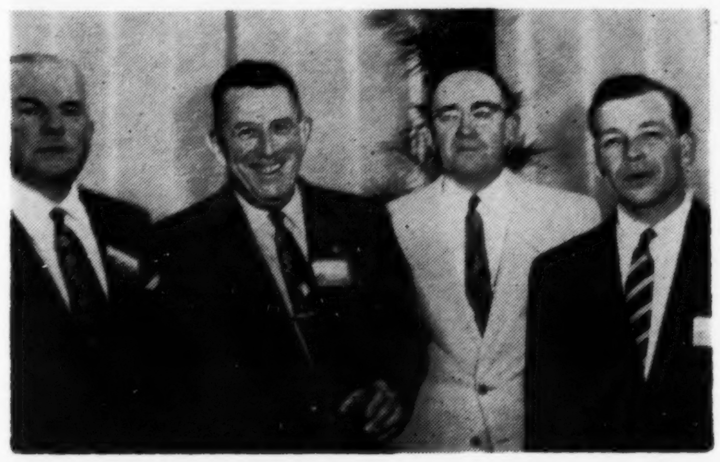
San Francisco Security Traders Association and

Chester Glass, Jr., *William R. Staats Co.*, Los Angeles; John Quinn, *Stone & Youngberg*, San Francisco; Chas. Livingstone, *Marache, Dofflemyre & Co.*, Los Angeles; A. Gentle, *Los Angeles Herald-Express*

John Sullivan, *First California Company*, San Francisco; Robert Boler, *First California Company*, San Francisco; Forest Shipley, *Morgan & Co.*, Los Angeles; Chas. Ebner, Jr., *Bateman, Eichler & Co.*, Los Angeles

Warner Morgan, *American Trust Company*, San Francisco; John Costello, *American Trust Company*, San Francisco; J. F. Finnegan, *Hannaford & Talbot*, San Francisco; John Buick, *American Trust Company*, San Francisco

John O'Reilly, *Denault & Co.*, San Francisco; Kimball Palm, *Brush, Slocumb & Co., Inc.*, San Francisco; Elmer Weir, *J. Barth & Co.*, San Francisco; George Tapp, *Locke, Gray & Co.*, Vancouver, B. C., Canada



Jack Sillick, *Paine, Webber, Jackson & Curtis*, Los Angeles; William Brown, *E. F. Hutton & Company*, Los Angeles; Sidney Sanders, *Foster & Marshall*, Seattle; David Garroway, *Francis I. du Pont & Co.*, Los Angeles

Ralph Dahl, *Fewel & Co.*, Los Angeles; Bill Ginn, *Dean Witter & Co.*, Los Angeles; George Earnest, *Fewel & Co.*, Los Angeles; Stuart Baiker, *Crocker First National Bank*, San Francisco

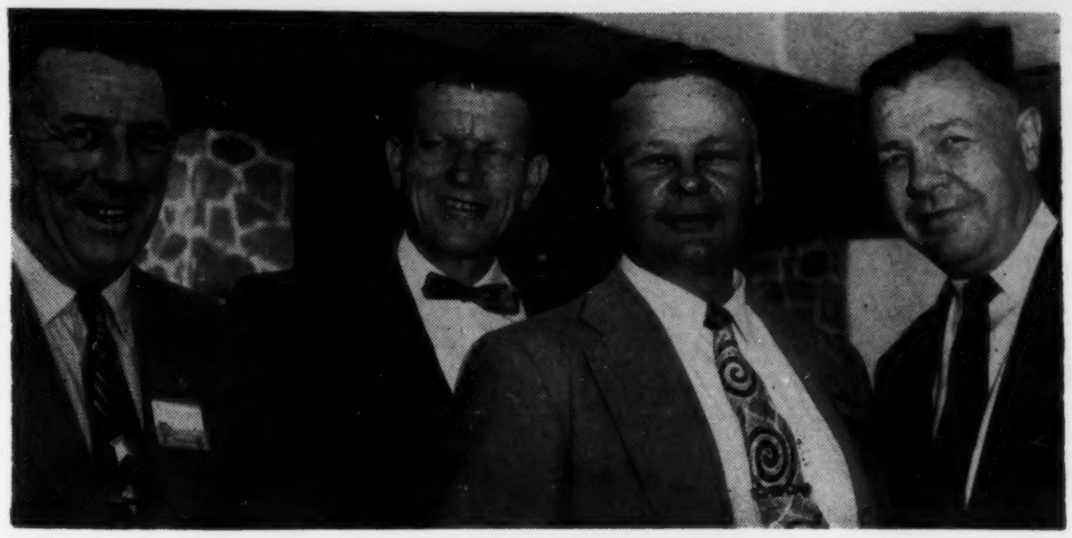
Purcell Hall, *New York Hanseatic Corporation*, San Francisco; Ken Fazackerley, *Irving Lundborg & Co.*, San Francisco; James Imhof, *Rex Merrick & Co.*, San Mateo; Herman G. Frese, San Carlos

Leslie Howard, *Brush, Slocumb & Co., Inc.*, San Francisco; William Pike, *Morgan & Co.*, Los Angeles; William Dorroh, *Shearson, Hammill & Co.*, Los Angeles; Graham Young, *Weeden & Co.*, Los Angeles

Joseph Bellizzi, *Walston & Co.*, San Francisco; Charles Sheedy, *Fairman & Co.*, Los Angeles; Robert Cass, *Fewel & Co.*, Los Angeles; William Webster, *Bateman, Eichler & Co.*, Los Angeles

Security Traders Association of Los Angeles

William Farrell, *Irving Lundborg & Co.*, San Francisco; Bob Baker, *First California Company*, Los Angeles; Ted Beebe, *J. S. Strauss & Co.*, San Francisco; Richard Gianti, *Francis I du Pont & Co.*, San Francisco

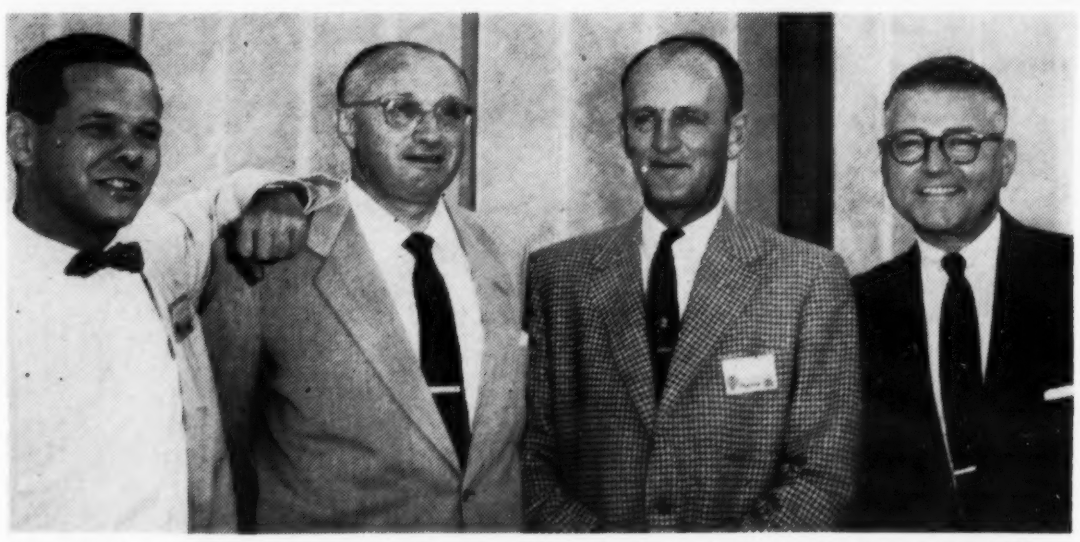


William Brown, *E. F. Hutton & Company*, Los Angeles; John Dorman, *E. F. Hutton & Company*, Los Angeles; C. D. Shipley, *E. F. Hutton & Company*, Los Angeles; Giff English, *E. F. Hutton & Company*, San Francisco

Ernest Blum, *Brush, Slocumb & Co., Inc.*, San Francisco; Roy Warnes, *Shearson, Hammill & Co.*, Los Angeles; Emmett Larkin, *Stern, Douglass & Co., Inc.*, San Francisco; Walter Gorey, *Walter Gorey Co.*, San Francisco

William McLoughlin, *Blyth & Co., Inc.*, San Francisco; Charles Kane, *Walter Gorey Co.*, San Francisco; Barry Stone, *Blyth & Co., Inc.*, San Francisco; William Dondero, *J. Barth & Co.*, San Francisco

Hugh Schlicting, *Wm. P. Harper & Son & Co.*, Seattle; William Bailey, *Bailey & Company*, Fresno; Thomas Price, *McAndrew & Co., Incorporated*, San Francisco; Rader McCulley, *First Southwest Company*, Dallas



Andrew Leh, *First Boston Corporation*, San Francisco; Charles Jank, *Frank Knowlton & Co.*, Oakland; Lewis Wood, *First Boston Corporation*, San Francisco; Ed. Goetze, *Frank Knowlton & Co.*, San Francisco

James Brum, *Shearson, Hammill & Co.*, Los Angeles; Donald Cameron, *Merrill Lynch, Pierce, Fenner & Beane*, Los Angeles; Henry Baker, *Gross, Rogers & Co.*, Los Angeles; Oliver Stendahl, *Coombs & Co. of Los Angeles, Inc.*, Los Angeles

Bryan Robertson, *Schwabacher & Co.*, San Francisco; Albert Loberg, *J. Barth & Co.*, San Francisco; Norman Green, *Dempsey-Tegeler & Co.*, Los Angeles; Paul Johnson, *Blyth & Co., Inc.*, Seattle

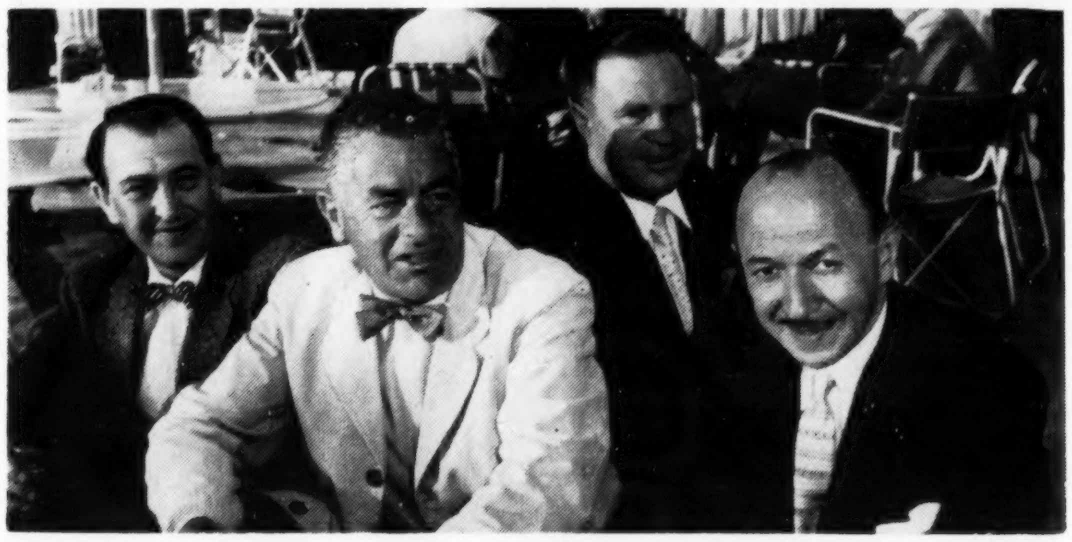
Tony Richman, *Hooker & Fay*, San Francisco; J. B. McMahon, *Merrill Lynch, Pierce, Fenner & Beane*, San Francisco; William Belknap, *William R. Staats & Co.*, San Francisco; Joseph Larzelere, *William R. Staats & Co.*, San Francisco

Fresno Hacienda, May 20-22, 1955

Chas. Rampley, *Dempsey-Tegeler & Co.*, Los Angeles; Dan Young, *Dempsey-Tegeler & Co.*, Los Angeles; Walter Godin, *Dempsey-Tegeler & Co.*, Los Angeles; Norman Hudson, *R. L. Colburn Co.*, Los Angeles

Richard Whitney, *Whitney & Company*, Salt Lake City; Tim Dunn, *Joseph McManus & Co.*, New York City; Art Benson, *Dempsey-Tegeler & Co.*, Los Angeles; Henry Laverty, *Davis, Skaggs & Co.*, San Francisco

James Fraser, *Stern, Frank, Meyer & Fox*, Los Angeles; Frank Ronan, *New York Hanseatic Corporation*, New York; Bill Davies, *Dempsey-Tegeler & Co.*, Los Angeles; Alfred Tisch, *Fitzgerald & Company, Inc.*, New York



Paul Isaacs, *Sutro & Co.*, San Francisco; George Kammerer, *J. S. Strauss & Co.*, San Francisco; Maurice Hart, *New York Hanseatic Corporation*, New York; Sam Green, *Pledger & Company, Inc.*, Los Angeles

Continued from page 13

More About the SEC's Proxy Rules

should be that which in the determination of the Commission is necessary or appropriate in the public interest or for the protection of investors.

The only light shed on the conditions the Congressional committees had in mind as needing correction, when the Exchange Act was adopted, is to be found in the committee reports. They mentioned solicitation of proxies by management concealing secret options and interests in underwriting arrangements. They mentioned insiders retaining control without adequate disclosure of their interests and without adequate information about management policies. They mentioned managements using proxies to take from stock holders valuable property rights for their own selfish advantage. But these reports are merely part of the legislative history, and under familiar principles are hardly to be relied on heavily in construing statutory language which on its face is clear. The breadth of the grant of authority can hardly be questioned, considering the wording of the Exchange Act.

Let me contrast for a moment this broad grant of rule-making power with a different legislative approach, the legislative approach which was used by the Congress when it wrote the Securities Act.

Disclosure Statutes

Both the Securities Act and the Exchange Act are thought of as "disclosure" statutes. By that is meant that in addition to providing civil and criminal sanctions against misrepresentation and fraud, they were designed so as to assure to the public and to investors disclosure of certain pertinent financial and business information by companies coming into the public market with new issues of securities, in the case of the Securities Act, and by companies whose shares were listed on national securities exchanges, in the case of the Exchange Act.

But in the Securities Act the information which the Congress deemed should be disclosed was clearly set forth in the statute.

Section 7 of the Securities Act provides that a registration statement must contain the information and be accompanied by the documents specified in Schedule A to the Act, when relating to a security issued, generally speaking, by a corporation, or the information and documents specified in Scheduled B, when relating to a security issued by a foreign government. And then in Schedules A and B to the Securities Act the Congress specified in considerable detail the types of information, both business and financial, which in furtherance of the basic legislative purpose of full disclosure, it deemed should be made available to the public and the investor. Then, having specified what disclosure should be required, the Congress wisely, in my opinion, added flexibility to the administration of the statute by giving the Commission power to increase or in certain instances vary or diminish the particular items of information required to be given. Similar legislative treatment is accorded the prospectus for new issues of securities, additional Commission discretion being granted by the 1954 amendments adopted by the 83rd Congress.

Thus, the Commission, in administering the Securities Act, has available in considerable detail an outline of that which the Congress intended should be the basis of its registration forms, prospectus requirements and rules.

Contrast this legislative treatment with Section 14 of the Exchange Act where no such statutory guide lines are available for the Commission to follow.

Historically then, in the intervening 20 years since the Exchange Act was enacted, the Commission has felt its way along. There have been five major revisions since the first rudimentary proxy rules were adopted in 1935. Each of these revisions, based on the analogy of Schedules A and B of the Securities Act, was designed to elicit and bring into focus the types of information which the Commission felt should be furnished to security holders by persons, be they management or others, seeking security holders' proxies.

Generally speaking, the type of information required under the proxy rules as they exist today provides the security holder with a broad basis of financial information about the company and specific information about the persons seeking to be elected directors, their business experience, their remuneration and contractual relations with the company, if any, their bonuses, stock options and other emoluments of office. The information prescribed for such disclosures is calculated to enable the average "prudent" investor to act intelligently upon each separate matter for which his vote or consent is sought. The annual financial report must precede or accompany management's proxy soliciting material.

I think within a very broad grant of power the Commission, through years of experience, has devised proxy soliciting regulations which work well in the vast majority of cases to which they apply and which have provided an enormous base for the thing called "corporate democracy."

The Economic Record

Now, what is my justification for saying that the proxy rules have provided a base for corporate democracy? Again, let's look at the record, this time the economic record. The staff report of the Senate Banking Committee includes the estimate that (eliminating intercorporate holdings) the total market value of outstanding stock in all American business corporations at the end of 1954 was about $268 billion. The number of corporations whose securities are registered under the Exchange Act and listed on national securities exchanges has been about 2,100 in the past two or three years.

I am not aware that there have been any serious administrative difficulties — difficulties of the kind that could not be worked out by the registered companies with the staff, or occasionally, by the registered companies with the Commission—except in the case of the companies, a comparative few, in which proxy contests for control were carried on, and another handful in which shareholder proposals under the "shareholder proposal" rule (Rule X-14A-8) were involved.

In terms of the impact of the proxy rules on the economy of the country, this is a pretty good indication that the proxy rules are working well. The value of listed common stock of corporations in which proxy contests have occurred was $414 million in 1954 and $650 million this 1955 proxy season. For comparative purposes the value of all common stocks listed on national securities exchanges was $169 billion at the end of 1954 and $175 billion during the 1955 proxy season. Thus the value of listed stock of companies involved in proxy contests in 1954 was ¼ of 1% and in 1955 ⅓ of 1% of the value of all listed stock.

In 1954 21 listed companies were involved in proxy contests for control of management. In the first three months of 1955 six companies were so involved. Since that time three other contests have commenced or are about to. While some of these concerned some of the larger companies, most of them related to companies of smaller size. Many of them, however, involved the use of public relations counsel. Public relations counsel are adept at utilizing many media of communication to condition public opinion and the opinion of security holders. Despite the fact that the number of the proxy solicitations involved in proxy contests is minor in relation to the number of uncontested proxy solicitations, the proxy campaigns have raised unique problems under the Commission's rules and new questions as to the proper role or function the Commission should follow. Our staff is studying the contests of the past two years with a view to recommending revisions of the rules.

In view of the relatively limited number of companies which have been involved, the direct economic impact of proxy contests on the national economy is comparatively small. Furthermore, let us think for a moment just what a proxy contest is. A proxy contest is a struggle for control of a corporate enterprise. The struggle takes place in the forum of a shareholders' meeting. The shareholders have the right to vote and this means that it is the shareholders, the owners of the business, who exercise their judgment as to which contesting group, be it management or outsider, shall direct the policies and fortunes of their company for the ensuing year.

Impact on the Economy

No one can measure the indirect economic effect of a few hard fought contests for control of some of the well known companies. The Commission, of course, cannot and does not pass on the merits of contestants and their causes. Can anyone say, however, that the publication of charges and counter-charges by opposing sides on subjects pertaining to corporate management, financial policies and management practices and the publication of owners' reactions to the debates at the shareholders' meetings may not have an indirect economic impact upon the economy by producing a greater awareness of public interest in corporate affairs and corporate stewardship? Is it not reasonable to expect that the encouragement and studied stimulation of widespread ownership of corporate equities which has been a mark of recent years would produce eventually closer scrutiny of the achievements and policies of professional management? Let me emphasize that this is an example of the basic principles of democratic representative government applied to corporate organizations. The two groups compete for the shareholders' favor. After all, competition is in the American tradition, and this includes competition among men for control of corporate enterprises.

So much for the law, so much for the economics—now what are the regulatory problems?

Regulatory Problems

The basic theory of the Commission's rules, which were designed primarily for the typical uncontested proxy solicitation, is that if the important facts are fairly, accurately and clearly presented to the shareholder he will be able to vote intelligently. The selection of management is of vital interest to shareholders because, in the last analysis, the ability, background and experience of management is a cornerstone for investors' judgments as to the value of the company's securities. To aid investors in reaching an informed judgment, the proxy rules provide that investors be furnished information in the form of a "proxy statement" which identifies the nominees, describes their relationships with, and interests in, the issuer, their business experience, their compensation, and their past and prospective transactions with the company. Beyond this the rules simply require that there be no misleading statements of fact and no omission of material facts necessary to make the facts stated not misleading in the circumstances. The rules also require that misleading statements in or omissions from statements previously made be corrected in subsequent soliciting material. Although the Commission has power to seek an injunction in the courts for the correction of misleading statements or to prevent the use of proxies obtained by improper soliciting material or methods, in practice this drastic remedy is rarely used. The administrative processing by the staff, and the availability to each party of the processes of the courts, are usually sufficient to compel correction or other appropriate action without recourse to the courts.

I spoke to your Chicago chapter on Feb. 9 of this year and outlined in considerable detail the problems involved in administering the proxy rules in the context of hard fought proxy contests for control. This discussion has been widely circulated and I will not waste your time by repeating it. That discussion was based on the contests in the 1954 proxy soliciting season. Since Feb. 9, the 1955 proxy soliciting material has pretty well run its course although, as I just mentioned, there are three proxy contests still in active condition. The experience of the 1955 season was no different in kind from 1954. It was different only in degree. I thought last year that we'd seen every kind of proxy contest problem in the New York Central case and the New Haven case taken together. Add Montgomery Ward and those three were the big proxy contests of the last two years. The rest were mostly in smaller companies.

Basic Concepts of Administration

In our staff's administration of the proxy rules in the context of proxy contests a few basic concepts should be recognized. First, the rules apply equally to the management in control seeking to retain and perpetuate control on the one hand, and to the outsider seeking to gain control on the other. Remember a few minutes ago I read the words of Section 14 that apply to "any persons." Our staff has been subjected to very strong pressures and efforts at persuasion in conferences, discussions and conversations over the telephone and in correspondence from representatives of management and of outsiders in these contested proxy contests. Usually each side complains that the staff is giving some undue advantage to the other side. In my opinion this not so. The staff always tries to administer the rules impartially. The Commission itself has been subjected to public criticism by people complaining that one side or the other is getting better treatment from the staff. I believe that this criticism is not justified by the facts. Indeed, when pressed for facts justifying allegations of treatment favoring one side or the other such critics, so far as I know, have never come up with any. Refuge is taken in the critic's own individual opinion. But there is a fundamental reason why such criticism in the nature of things is unlikely to be founded in facts. This is because the staff and the Commission discuss a person's preliminary proxy soliciting material only with that person. Management material is discussed only with and commented on only to representatives of management. Outsiders' material only with their representatives. So only if management or the outsiders themselves release our comments on proxy soliciting material can the other side or the public know what we said. This occurs very rarely. Usually when we have criticized material the person who submitted it prefers to keep the criticism private and not spread it abroad in the land.

Another thing that should be remembered is that unless all proxy soliciting material is filed with and processed by the Commission, the proxy rule requiring the filing of a formal proxy statement and its processing by the staff could be evaded and avoided. This means that we require to be filed with us advertising material, transcripts of press conferences, if any transcripts exist, and things of that kind which are intended for distribution or communication to security holders. But it should be clearly understood that we do not require to be filed with us, indeed we could not and should not under familiar constitutional guarantees, require to be filed material printed or broadcast as news by newspapers or radio or television. The only material which we require to be filed with and processed by our staff is material distributed or sought to be put out to security holders by persons soliciting their proxies.

No Invasion of Contestants' Rights

Finally, it should be clearly understood that our processing does not attempt to interfere with or invade the rights of contestants in a proxy contest to set forth their case clearly, concisely, accurately and persuasively. What our processing does attempt to do is to see to it that material distributed to stockholders by persons soliciting proxies does not contain misrepresentations of fact, half-truths, or omissions of facts needed to make the stated facts accurate. Also, and this is most important because of the bitter personal animosities that have developed in many proxy contests, proxy soliciting material processed by our Commission must not contain unsupported attacks on personal integrity or libelous or slanderous material. We, as an agency of the United States Government, will not have anything to do with that sort of material. We advise contestants in proxy contests seeking to use such material that they do so at their own risk and not with any administrative sanction of the Federal Government.

So it is left to you representatives of listed companies to form your own opinions as to whether you think our administration of Section 14 of the Exchange Act is generally a benefit to your security holders. It is left to the Congress, acting at the moment through the Banking and Currency Committee of the Senate, to hear your views and ours as to how this broad grant of power to our Commission, in the public interest and for the protection of investors, is working. Any evaluation of how the rules are working must, of course, be made in the light of the statutory objectives of fair disclosure to security holders of basic facts about the companies in which the public's savings are invested.

Keenan & Clarey Add

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Bernard W. Rademacher has become affiliated with Keenan & Clarey, Inc., McKnight Building.

2 With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS ,Minn.—Calvin O. Ault and Ralph J. Stewart have joined the staff of Minneapolis Associates, Inc., Rand Tower.

Joins F. J. Winckler

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—William R. Rotsted is now with F. J. Winckler Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges.

Continued from first page

1955 Is Not 1929!

from 5¢; a copy of the "Saturday Evening Post" up from 5¢ to 15¢; a pound-of-steak now around $1.20, which in 1929 was 50¢; to say nothing of the house that could have been purchased for $6,000 in 1929 and now costs closer to $15,000! In terms of actual purchasing power, the 1953-1954 dollar bought about one-half the amount of goods and services as did the 1929-dollar.

Certain figures must be presented, if we are to understand the many changes occurring during 1953-1954, as compared to 1929. Therefore, we ask you to consider the following:

Our Population increased from 122 million to 162 million!

Increased Business Activity shows that we had over 55 million **full-time workers** on our payrolls in 1953, as against 36 million in 1929!

New Construction Activity increased from $11 billion in 1929 to $35 billion in 1953!

Corporate Sales of all Industries rose from $139 billion to $523 billion!

The Business Gross Product was **up** from $95 billion to $321 billion, while total Wages and Salaries (covering all industries) **rose** from $50 billion to $209 billion!

The Gross National Product increased from $104 billion to $365 billion, and

National Income **rose** from $88 billion to $305 billion!

With average earnings for full-time workers increased from an annual $1,405 in 1929 to $3,590 in 1953, the effect on the individual may be seen from the following:

Life Insurance in force **increased** from $103 billion in 1929 to an estimated $295 billion in 1953, while Personal Savings **rose** from $4.2 billion to $19.6 billion! Continuing, we find that, with Corporate Sales of all industries **up** from $139 billion in 1929 to **$523** billion in 1953, Corporate Income was **up** from $9.6 billion to $39.4 billion (before taxes); Corporate Income (after taxes) increased from $8.2 billion to $18.3 billion!

Consider the next item very carefully: Total Tax Payments in 1929 came to only $1.4 billion, but in 1953, the figure was $21.1 billion! And, despite this big tax-bite out of income, the corporations of this country were able to pay out **dividends** in 1953 in the amount of $9.4 billion as against $5.8 billion distributed in 1929!

After all deductions had been made from income, our corporations were able to retain (for future requirements in the form of Earned Surplus), a total of $8 9 billion in 1953, as against only $2.4 billion retained in 1929!

As a further indication that there is no possible similarity between the economic and financial structures as they existed in 1929 when compared to 1953-1954, we add the following:

Bank Deposits and Currency **increased** from $55 billion to $215 billion while Money-in-Circulation **rose** from $2½ billion to $30 billion!

At the same time, Consumer Credit Outstanding **increased** from $6.4 billion to over $30 billion. The Industrial Production Index (1947-1949 equals 100) **rose** from 59 to 125%! As we proceed, we will supplement this brief resume with a more detailed and complete analysis.

The Stock Market Picture

If the overall-Stock-Market reflects the national-overall-Economy, it follows that the increases enumerated in the foregoing, could have only one result: **Stocks Were Bound to Advance in Price!** However, there is an additional factor to be considered—one now a matter of statistical and historical record.

Common stocks advance in price more or less, in line with increases in the cost-of-living and with prices in general. The investor, looking for increased purchasing-power with which to meet these various increases, can be expected to turn to the stock market, when it is possible to obtain a return of 4 to 5%, if on the other hand, the highest rate-of-return from gilt-edged bonds is around 3%!

A study of all stock listings on the New York Stock Exchange of both Preferred and Common Stocks, reveals the following:

As of Dec. 31, 1929, there were 846 companies with a total of 1,293 issues listed. Total shares were 1,127,700,000. The aggregate market value of this total was roughly, $64.7 billion. Dividing the total market value by the number of shares outstanding, shows an average market price-per-share of $57.37. As of March 31, 1955, there were **1,089** companies whose shares were listed, and the number of issues was **1,524!** Total shares involved in all listings came to 3,261,900,000, and the aggregate market value of all of these shares was a little under $176 billion. The average price on this date was **$53.96-per-share!**

The significance of the changes in shares and aggregate market value may be found in the following:

To corral all the shares listed on Dec. 31, 1929 would involve a total cost of around $65 billion. To accomplish the same objective on March 31, 1955, an investor-group would have to pay close to $176 billion! This, despite the fact that the average cost-per-share on March 31, 1955 was only $53.90 against an average price of $57.38 on Dec. 31, 1929!

The preceding figures do not even approach the **real story** with regard to any possible comparison between 1955 and 1929. In 1929, believe it or not, the dollars involved in all stock transactions on the New York Stock Exchange came to $125 billion. **In 1954, the amount was only $24.2 billion!**

Now follows what is almost inconceivable at this late date, but it is **fact** and **comes directly from the New York Stock Exchange:**

The **ratio** of dollar-value of stock transactions on the New York Stock Exchange, to national income in 1929 was 142.4%, but only 8.1% in 1954! The answer is perfectly clear and now well known: In 1929, the volume-of-trading and dollar-values involved were practically entirely based on borrowed money. Certainly, total transactions at the rate of 142% of total national income clearly proves that point. However, in 1953, the **ratio** of only 8.1% proves something entirely different.

Another factor that shows the speculative fever-point reached in 1929 may be seen from the following:

The **ratio** of Sales to Listings (actually turnover) was 119% in 1929 as against 19% in 1954, while the daily average volume reported in 1929 was 4.3 million shares in comparison with only 2.3 million in 1954! Considering the fact that there were almost three-times-as-many shares listed in 1954 as 1929, the actual comparable average would be a 12.9 million shares in 1929 as against 2.3 million shares in 1954!

The New York Stock Exchange

The New York Stock Exchange is the largest security-market in the world! Daily transactions run into millions-of-shares and the money involved in the purchase and sale of securities averages about $100 million each business day!

But, the New York Stock Exchange is **more** than a market-place for security transactions. It, and the smaller stock exchanges active throughout this country, constitute the most important financial markets in the world . . . where the consensus-of-opinion of investors the world-over must eventually consummate itself in the form of a purchase or sale that involves on an average, a considerable sum of money—approximately, $3,500 per-100-shares traded!

On the floor of any stock exchange a continuous conflict takes place, every minute of the day, between buyers and sellers-of-stocks. Underlying this basic conflict are all the individual selfish and emotional smaller conflicts that normally develop within the human mind. The stock exchange is the place where any set-of-emotions and any number-of-reasons must at all times, be counter-balanced by conflicting reasons and emotions.

A Never-Ending Conflict

The New York Stock Exchange is a modern arena where fear and confidence, tangibles and intangibles conflict . . . where hunches are played off against basic knowledge . . . where tips are weighed against facts . . . where prudent judgment offsets simon-pure guesswork . . . where pessimism clashes head-on with optimism; where snap-judgment stacks up against intelligent research . . . where hopes-for-the-best and fears-of-the-worst must balance each other . . . where inside-information and outside-expectations play a role . . . where inner-emotions and high-powered realities are on opposite sides . . . where pocket-book economics and wishful thinking are ever-present . . . and finally, where the fine line is constantly being drawn between **investor** and **speculator!**

There is an old cliche, long offered as an explanation for the actions of the stock market on any given day; i.e., "More Buyers than Sellers" or, the reverse, "More Sellers than Buyers." This is an absolute fallacy since, for every 100 shares-of-stock sold by any one individual, the **same 100-shares-of stock must be purchased by another individual!** No actual transaction involving as little as 100 shares of stock can ever be consummated on the New York Stock Exchange at a price above or below that established on the basis of all the concentrated hopes and expectations into which investors the world-over have poured their individual judgment! The final determination as to what a given common stock is worth at an exact moment of any 24-hour day on the New York Stock Exchange is the result of this tremendous overall national and international consensus-of-opinion, expressed in definite action: **A purchase and a sale!**

No normal power nor combination-of-powers in this world can possibly move stocks **up** against such a concensus-of-opinion . . . nor can any group drive stocks **down,** if the consensus-of-opinion manifests itself in a determination **to buy!**

This then, is what constitutes the "stock market" . . . it cannot be described in any other way.

Through the Eyes of an Investor

The average investor is chiefly interested in two results:

First: A reasonable rate-of-return on money invested, and

Second: Expectation that the stock purchased will advance in price.

He predicates any purchase on the basis of its being a calculated risk. The expectation of dollar-gains based on his judgment must outweigh the possibility of dollar-losses. The individual investor has every right to exercise his judgment and back his confidence with cash.

The investigation in Washington probably attempted to do for the private investor what Prohibition attempted to do for the man who-likes-a-drink before dinner. If the object of the investigation was to prohibit an individual from purchasing stocks at 1955-levels simply because the Dow-Jones Averages had reached the 1929 price-level, the investigating committee should certainly make a much more accurate study of the national-economy and the stock market than has been made to date! If all the facts were properly presented, no new rules or regulations prohibiting an individual investor from using his own judgment as to whether the stock market of 1955 has or has not a firm foundation, would ever be set up!

The Function of the New York Stock Exchange

The New York Stock Exchange itself and the firms which comprise its membership have specific functions. These should be carried out at all times in the interests of the investor-clientele. Neither the New York Stock Exchange nor the member-houses should be asked to referee the daily conflict underlying stock-market actions and prices! The real function of a New York Stock Exchange member-firm is **to carry out the wishes of its clients.** It is the client who must make the decision to buy or sell, depending in each case, on his or her own judgment —**not** necessarily that of the stock exchange member!

The Rights of the Investor

Each American has **every right in the world to become a partner** in any available corporation that operates under the American system of free enterprise! Ownership of a single share of common stock of a corporation represents a **partnership** in that corporation, regardless how minute! If the corporation continues to expand and prosper, then the partners who combine to own it, will also prosper!

Investors and the Stock Exchange

As we have defined it — the stock exchange is an arena—where a never-ending conflict takes place every day. The investors who participate in this conflict, do so on the basis of their individual judgments, desires and financial ability to pay out in cold cash, whatever amount of money may be required to cover any transactions they have consummated.

The world-of-investors is comprised of millions of individuals from every walk of life: From the professions, there are doctors, lawyers, dentists, engineers; there is also the white-collared class; railroad workers, machinists, farmers; housewives, male-heads of families; partners in stock exchange firms, or the newsdealers on the corners.

The Investor may be registered as an Investment-Adviser with the Securities and Exchange Commission, or one who just graduated from College; his professor may also well be an investor. Electricians, bricklayers, truck-drivers — all of them can become investors in corporations operating under our free enterprise system, even including the refugees

TABLE I

Economic Progress of United States: 1953 vs. 1929

GROUP AND FACTOR		1929	1953	1953 in % of 1929
NATIONAL ECONOMY—				
Population of United States	(Millions)	122.0	162.0	132%
Number of Full-Time Employees	(Millions)	36.0	55.0	153
Total Wages and Salaries, all employees	(Billions)	$50.0	$209.0	422
Business Gross Product	(Billions)	95 0	321.0	334
New Construction Activity	(Billions)	11.0	35.0	318
Gross National Product	(Billions)	104.0	365.0	349
National Income	(Billions)	88.0	305.0	346
Industrial Production (1947-49 = 100)	(%)	59%	125%	239
THE INDIVIDUAL—				
Average Annual Earnings	(Actual)	$1,405	$3,590	255
Life Insurance in Force	(Billions)	103.0	295.0	282
Personal Savings	(Billions)	4.2	19.6	[illegible]
CORPORATE PROGRESS—				
Corporate Sales	(Billions)	$139.0	$523.0	379
Corporate Income (before taxes)	(Billions)	9.6	39.4	411
Corporate Tax Payments (total)	(Billions	1.4	21.1	1,500
Corporate Income for Common	(Billions)	8.2	18.3	226
Corporate Dividend Payments	(Billions)	5.8	9.4	162
Corporate Earned Surplus	(Billions)	2.4	8.9	370
STOCK MARKET (Total Shares N.Y.S.E.)—				
Number Shares Listed Dec. 31	(Millions)	1,127.7	2,9[illegible]6.6	259
Aggregate Market Value	(Billions)	$64.7	$117.3	181
Average Price Per Share	(Actual)	57.37	40.07	70
DOW-JONES INDUSTRIAL AVERAGE—				
D-J Industrial Average as of Dec. 31	(Actual)	248.48	280.90	113
No. Shs. Outstdg. on the 30 Issues (29 Cos.)	(Millions)	206.4	571.3	277
Aggregate Market Value (29 Cos.)	(Millions)	$18,373.5	$39,765.6	216.4
Net sales (19 Cos.)	(Millions)	8,734.8	44,607.8	511
Operating Income (before taxes) (22 Cos.)	(Millions)	1,683.0	7,827.0	465
Total Tax Payments (21 Cos.)	(Millions)	186.0	3,681.0	1,9[illegible]9
Operating Income (after taxes) (29 Cos.)	(Millions)	1,412.0	3,612.0	256
Dividends Paid on Common (29 Cos.)	(Millions)	776.0	2,129.0	274
Earned Surplus (29 Cos.)	(Millions)	676.0	1,483.0	2[illegible]1
Net Plant Value (28 Cos.)	(Millions)	8,588.0	23,944.0	279
Working Capital (28 Cos.)	(Millions)	3,528.0	10,215.0	289

TABLE II

Year-to-Year Economic Progress of United States

	Stock Market			National Economy		Corporate Results		
Year	No. Shs. Listed on N.Y.S.E. (Millions)	Aggreg. Mkt. Val. Dec. 31 (Billions)	Av Price Per Sh. Dec. 31 (Actual)	National Income (Billions)	Tot. Wages & Salaries Paid All Industries (Billions)	Oper. Inc. Before Taxes (Billions)	Avail. for Com. After Taxes (Billions)	Common Stock Divs. (Billions)
1929	1,127.7	$64.7	$57.38	$87.8	$51.1	$9.6	$[illegible].3	$5.8
1930	1,296.8	49.0	37.80	75 7	46.8	3.3	2.5	5.5
1931	1,318.7	26.7	20.24	59.7	39.7	—0.8	—1.3	4.1
1932	1,311.9	22.8	17.35	42.5	31.1	—3.0	—3 4	2.6
1933	1,293.3	33.1	25.59	40.2	29.5	0.2	—0.4	2.1
1934	1,305.4	33.9	25.99	49.0	34.3	1 7	1.0	2.6
1935	1,317.8	46.9	35.62	57.1	37.3	2.1	2.2	2.9
1936	1,360.3	59.9	44.02	64.9	42.9	5.7	4 3	4.5
1937	1,41[illegible] 0	38.9	27.53	73.6	47.9	6.2	4.7	4 7
1938	1,424.3	47.5	33.[illegible]4	67.6	45.0	3.3	2.3	3.2
1939	1,43[illegible].4	46.5	32.37	72.8	48.1	6.4	5.0	3.8
1940	1,45[illegible].8	41.9	28.50	81.6	52.1	9.3	6 5	4.0
1941	1,463.3	35.8	24 46	104.7	64.8	17.0	9.4	4 6
1942	1,470.5	38.8	26.39	137.7	85.3	20.9	9.5	4.3
1943	1,489.4	47.6	31.96	170.3	109.6	24.6	10.5	4 5
1944	1,492.3	55.5	37.20	182.6	121.3	23.3	10.4	4.7
1945	1,592.[illegible]	73.8	46.33	181.2	123.2	19 0	8.3	4 7
1946	1,771.4	68.6	38.72	179.6	117.7	22.6	13 4	5.8
1947	1,906.5	68.3	35.83	197.2	128.8	29.5	18.2	6 5
1948	2,017.5	67.0	33.23	221.6	140.9	32.8	20.3	7.2
1949	2,165.7	76.3	35.23	216.2	140.9	26.2	15.8	7 5
1950	2,353.2	93.8	39 86	239.7	154.3	40.0	22.1	9.2
1951	2,615.9	109.5	41.15	277.0	180.4	41.2	18.7	9.1
1952	2,788.2	120.5	43.23	291.0	195 4	37.2	17.2	9.1
1953	2,92[illegible].6	117.3	40 07	305.0	209.1	39.4	18.3	9 4
1954	3,174.3	1[illegible]9.1	53.29	300.0	195.7	3[illegible].0	17.8	9.9

from war-torn Europe, who can participate in this venture of investing and on the same terms as the "Proper Bostonians," whose ancestors came over on the "Mayflower"!

There are private investors of large means as well as small. There are also institutional investors, whose resources are vast, including banks, insurance companies, Mutual-Fund-Companies and Pension-Funds. But there is one common denominator that binds all of these investors, each and every one—and that is the firm belief that the American system of free enterprise is the greatest ever created by man and blessed by God!

And that is the reason why, regardless of sex, creed or color, the investor makes the very best American citizen . . . for, he not only believes in the American way-of-life, by investing in it . . . he contributes to its continuation, which in turn, insures the welfare of all Americans, as well as many millions of non-Americans who have faith in our country to the extent where they too invest in the common stock of our corporations, with their hard-earned and harder-to-keep cash!

Wall Street Is "Main Street"

Actually, Wall Street (and its environs) is typical of Main Street in any town or city of the United States. At one end of Wall Street stands Trinity Church, one of the oldest and most beautiful in our country. In the graveyard surrounding it, rest many who lived and fought during Revolutionary Times. For its opposite boundary, Wall Street has the East River, to whose piers clipper ships once were tied — ships that carried our flag across the seas to every corner of the world!

Half-way down the street, at the corner of Nassau, stands the Sub-Treasury building, which marks the spot where George Washington took his Oath-of-Office as the First President of the United States.

It is a far cry indeed from the year 1847, when no building was over five stories in height; the cobble-stones resounding to the clatter of the horse-drawn carriages and vehicles — to today's skyscrapers of marble and stone, while the narrow asphalt-paved streets do their best to accommodate the motor-drawn trucks and high-powered cars of this day and age! But the feeling that **this is the financial heart-beat of the world**, its Main Street, is always evident.

Those people who earn their living in Wall Street come from all races and creeds. Here are bankers, brokers, and clerks, shopkeepers, bartenders and barbers. Though there is an air-of-hurry and activity, yet the word **courtesy** is not forgotten, for one meets with it all the time. The clerk in the drug-store thanks you with sincerity for having made a purchase, no matter what size, as he pauses to wish you "a nice weekend"; and the manicurist, the bookblack, the runner and the banker are all on good terms with one another.

The Communist creed argues that Wall Street is synonymous with capitalism. It is reiterated over and over again that Wall Street exploits the worker, its executives are the warmongers of the world! That is the creed of the Communists who owe their allegiance elsewhere . . . but for Americans to attack Wall Street *per se*, means stabbing many millions of other good Americans in the back, while encouraging the "Commies" to continue with their attacks on the "Street."

The Cyclical Years of Great Change

Going back over the 25-year period 1929-1954, close study of all the facts and figures available, and the events which transpired over this long period, clearly indicates that four of these 25 years marked specific turning-points in the national economy of our country. So important were these individual years, that in the development which followed, the financial fortunes and the future of our great corporations changed completely.

The first of these years obviously was the year 1929. That year marked the **end** of a highly speculative era and one not confined to the stock market alone. As the records now show, the year 1929 witnessed the beginning of one of the longest and deepest depressions ever recorded in our history and certainly the most far-reaching as far as its effect on the national economy was concerned.

The second period that stands out in this 25-year era were the years 1932-1933, which we now know to have been the low point of the long depression era. These two years marked the starting point of a decade of extremely bad times. Because we are prone to forget what transpired as far back as 1932-1933, it can be said that only careful study of all statistical data available will reveal just how bad they really were.

The next cyclical-year in the 25-year period was the Year-1941, a year which probably marked a turning-point in world history. In December of that year, the United States, attacked by Japan, became a participant in World War II. History may eventually record the Year-1941 as the last actual peace-time year the world will ever see again!

It certainly is apparent that 1941 was the last year in which our national economy was able to function and develop under peace-time conditions without the influence of defense-spending and without the factor of inflation which had not, up to this time been introduced.

The fourth important year in this 25-year cycle was the Year-1946. In this year great decisions had to be made by American industry. At the end of World War II, American businessmen were faced with the problem as to whether or not history might repeat itself in a depression similar to that which followed World War I.

Led by far-sighted management and with the cooperation of American investors, our corporate management made an important decision—**a very bold decision**—but a decision which, as time has proved, was 100% correct! For getting the aftermath of depression following World War I, the leaders of our business enterprises decided to move forward! They converted from War to Peacetime Production and expanded their facilities in order to develop the greatest potential of productive capacity ever known to the people of any nation in history!

Let us repeat then, since these cyclical years referred to, will form the basis of further detailed analysis:

1929—The **end** of a speculative era.

1932-1933—Beginning of the 10-Year **depression.**

1941—The **end** of a peace-time era.

1946—The **year** of great **decision**; and

1953—The year which marked a further expansion in the upward movement of stock prices, and also the year that the Fulbright Committee used in their Questionnaire and in their Hearings, in an attempt to prove that what transpired in 1954 and to date in 1955, might eventually produce a result such as the collapse of the 1929 stock market!

In the preceding section of this article we drew attention to the overall changes witnessed in the national economy as recorded for the Year-1953 in comparison with the Year-1929. Our next step will be to again stress these barometers of national change and tie them in with the changes in the financial affairs of our major corporations, as measured by specific common denominators, with **only one conclusion possible.**

The progress of the United States has been so tremendous on the basis of every available measurement and at the end of 1953, the national economy had reached such new heights that the fallaciousness of any philosophy that would even attempt to infer that the stock market position at the end of 1953 was based on unsound economic factors, will be eliminated—as it should be—by any intelligent reader of this article.

1953 As Compared With 1929

We will now proceed to get into the meat of this analysis and present statistical data which we believe should prove highly illuminating to the reader.

Let's start with an overall analysis of the position of the stock market as of Dec. 31, 1953 as against Dec. 31, 1929, analyzing each of the factors that contributed to the rise in Market Prices witnessed over that long period of time.

For the purpose of this analysis, we will use 29 of the 30 Industrial Stocks which now comprise the Dow-Jones Industrial Averages, eliminating however, United Air Craft, which was not incorporated until 1934.

As of Dec. 31, 1929, there was **a total of** 1,127,700,000 shares of **Common and Preferred stocks listed on the New York Stock** Exchange. The aggregate market value of all shares listed on that date was $64.7 billion. On the same day, the number of shares outstanding on the 29 companies we are using for comparative purposes, totaled 206.4 million, or 18.3% of the total shares listed on the exchange.

The aggregate market value of the shares of these 29 companies on Dec. 31, 1929 was approximately, $18.4 billion and represented 28.4% of the aggregate market value of all stocks listed on the New York Stock Exchange.

As of Dec. 31, 1953, the total shares on the New York Stock Exchange were 2,926,600,000—or, 259.6% of the 1929-figure!

The aggregate market value of all shares at the end of 1953 came to $117.3 billion, or 181% of the 1929-value!

The group of 29 stocks on Dec. 31, 1953, showed a total of 571.3 million shares, with an aggregate value of $39.8 billion. The number of shares at the end of 1953 was 276.8% of the 1929-figure . . . the market value was 216.4%!

The number of shares represented in our Group showed 18.7% of all shares listed Dec. 31, 1953, and their aggregate market value 33.8%. Our Group, obviously, is a sizable representation of all listings and provides a cross-section of the overall picture of the stock market as it was in 1929 and 1953.

Analysis of Our Group-of-Companies

In order to draw a clearer picture of the foundation which existed for the rise in Stock-Market prices over the years 1929-1953, we would like to recall your attention to the following, once more:

Our Population has increased by 40 million. National Income **rose** from $88 billion to $305 billion; The Gross National Product **rose** from $104 billion to $365 billion; Total Wages and Salaries paid out by Industry **increased** from $50 billion to $209 billion; Bank Deposits and Currency **increased** from $55 billion to $215 billion, and Money-in-Circulation **rose** from $2½ billion to $30 billion!

It was obvious to any intelligent analyst that these dollar-increases all along the line would reflect themselves in the annual income statements and balance sheets of individual corporations, **and they certainly did!**

The 29-Company Group in 1929, with 206.4 million shares outstanding having an aggregate market value of $18.4 billion, had increased at the end of 1953 to a total of 571 million shares, with a total market-value of $39.8 billion—the latter figure being 216.4% of the 1929-value!

Complete figures in all cases are not available for the Year-1929. Strange as it may seem at this late date, some companies in 1929 did not even report Net Sales or Operating-Income before depreciation and taxes. Nor did some companies report Depreciation-Charges or tax-payments made in 1929, and in some other cases, failed to report the value of the Gross Plant. However, we have made this analysis as complete as possible, by gathering together those company-figures which were made available for 1929, so that a proper comparison can be carried out, using similar accounts for 1953.

Of the total of the 29 companies under analysis, 20 reported Net Sales in 1929 in the total of $8.7 billion. Believe it or not in 1953, the same Companies reported Net Sales in the terrific amount of $45.4 billion — **that figure being 519.7% of the 1929 figure!**

Operating Income (before Depreciation charges and Taxes in 1929 for 22 of the Companies reporting, amounted to approximately, $1.7 billion. In 1953, the same accounts showed $7.8 billion, or **465% of the 1929 amount!**

24 of the 29 Companies reported Depreciation Charges totaling $520 million in 1929. Such charges had increased to $1.8 billion in 1953, representing **351.4% of the 1929-figure!**

The next figure should make a legislator in Washington gasp: 22 of the Companies reported Tax Payments in 1929 in the aggregate amount of only $186 million, but in 1953, this same group of corporations paid total taxes in the tremendous amount of **$3,681,300,000!** It is almost inconceivable, but the ratio of the 1953 tax-payments to those paid in 1929 is **1,979.2%!** It might be well for a Senate Investigating Committee of the future to keep **Those Figures and That Ratio in Mind!** Before anything was brought down to the common stock, the Tax Collector got his "big bite" — one that completely changed the figures, as far as the stockholder was concerned.

All 29 of the Companies in the year-1929 reported Net Income Available for the Common in the amount of $1,412,000,000. In 1953, the same Companies in the similar account, reported $3,612,000,000 — the latter figure being **255.8% of the 1929-figure!**

Now, please consider the following:

In 1929, Net Income Available for the Common was 7.8 times total tax payments, but in 1953, net income was **actually less than total tax payments.**

Dividend payments for 1953 totaled $2.1 billion vs $776 million paid in 1929 or 274.4% of the latter figure.

Surplus Earnings for the Year-1929 were $636 million, as against $1,355,000,000 in 1953!

Total Surplus at the end of 1929 (as reported by 28 of our companies) was approximately, $4.3 billion, increasing to almost $15 billion at the end of 1953, the latter figure **350% of the former!**

22 of our 29 Companies reported their Gross Plant Investment in 1929 at an Evaluation of $11.6 billion; at the end of 1953; gross plant evaluation came to $38.6 billion, or **335% of the 1929-value!**

The net Plant Value of 28 Companies at the end of 1929 was around $8.6 billion, but at the end of 1953, the value had increased to $23.9 billion! The 1953-value was **279% of that reported in 1929**

The Working Capital of 28 of the Companies rose from $3.5 billion at the end of 1929 to $10.2 billion in 1953, the latter being **298% of the** 1929-figure. Adding the net plant evaluation to the working capital indicates that 28 companies were worth $12.1 billion at the end of 1929. At the end of 1953, the same addition shows a total value of $34.2 billion, so that the actual evaluation of Net Plant plus Working Capital, at the end of 1953, was **282% of the total evaluation at the end of 1929!**

Now, please consider the following:

For every dollar of Market Value for the common stocks of the companies comprising our Group in 1929, there was 65-6/10 cents of plant values plus working capital. On the same basis, at the close of 1953, the total evaluation of net plant plus working capital was 85-9/10 cents for every dollar of market value!

It should be obvious even to the casual reader that increases such as the following—when compared with the nominal increase in the aggregate value of the companies' common stock issues outstanding — that the Stock Market at the end of 1953, had not even begun to discount the tremendous improvements registered within individual corporate structures.

Let us again stress the percent-

Continued on page 36

TABLE III

Trend of Stock Market Prices
(Dow-Jones Industrial Average: 30 Issues)

	Price: *Mean Avg. '44-53	Price: December 31, 1953	Price: December 31, 1954	Based on Mean Dec. 31 in % of Mean Price 1953	Based on Mean Dec. 31 in % of Mean Price 1954	Dec. 31 Price x Yr's Earnings 1953	Dec. 31 Price x Yr's Earnings 1954	Dec. 31 Yield Based on Dividend Paid 1953	Dec. 31 Yield Based on Dividend Paid 1954
Allied Chemical	53	73	103	138%	194%	14.6	20.2	4.11%	2.91%
American Can	26	40	45	154	173	14.8	17.6	6.00	3.45
American Smelt.	30	28	45	93	150	8.6	15.7	8.93	4.45
Amer. Tel. & Tel.	160	156	175	97	109	14.5	17.0	5.77	5.14
Amer. Tobacco	70	62	66	89	94	10.3	11.3	6.45	6.67
Bethlehem Steel	37	50	109	135	295	4.5	8.2	8.00	5.27
Chrysler Corp.	63	59	71	94	113	6.9	8.3	10.17	6.34
Corn Products	67	74	85	110	127	12.9	15.7	4.87	4.53
E. I. duPont	63	107	168	170	267	21.9	34.0	3.55	2.27
Eastman Kodak	36	47	72	131	205	15.7	27.8	3.72	2.64
General Electric	16	29	47	183	294	16.8	43.5	4.55	3.13
General Foods	46	60	76	130	165	13.3	17.3	4.42	3.62
General Motors	40	60	98	150	245	8.5	14.6	6.67	5.10
Goodyear Tire	32	54	54	169	337	5.7	5.3	5.56	6.02
Inter. Harvester	29	27	38	93	131	7.5	11.0	7.41	5.27
Inter. Nickel	34	35	59	103	173	8.2	13.7	6.72	4.92
Johns-Manville	48	66	83	133	183	9.4	14.2	6.44	4.83
Loew's Inc.	21	13	22	62	105	13.0	25.9	6.15	4.09
Nat'l Distillers	22	19	24	86	109	13.6	20.3	5.26	4.17
National Steel	34	45	66	135	194	7.1	9.9	7.97	4.55
Procter & Gamble	52	69	98	133	188	15.9	19.1	3.77	2.52
Sears Roebuck	43	62	77	144	179	12.8	15.8	2.42	2.96
Std. Oil, Calif.	35	53	77	151	220	8.2	11.6	5.66	3.75
Std. Oil, N. J.	45	72	111	160	247	8.2	12.2	6.25	4.10
Texas Company	37	58	86	157	232	8.6	12.3	5.86	4.36
Union Carbide	43	74	86	172	200	19.9	24.2	3.78	2.91
United Aircraft	27	47	73	174	283	6.3	12.5	5.85	4.49
U. S. Steel	15	20	74	133	247	5.9	9.8	7.50	4.05
Westinghouse El.	33	51	81	155	245	10.5	17.9	7.52	3.09
F. W. Woolworth	46	43	52	94	113	12.3	16.9	5.82	4.81
Average 30 Cos.	44	55	73	131%	195%	11.1	16.8	5.74%	4.31%

*Highs and lows, ten years.

Continued from page 35

1955 Is Not 1929!

age increase in the 1953 versus 1929 figures:

Net Sales	520%
Operating Income (before Taxes and Depreciation)	465%
Tax Payments	1,979%
Available for common	256%
Dividend payments	274%
Net Plant Value	279%
Working Capital	290%
Aggregate Market Value of the Common Stocks Shown, only	214%

The Cyclical Years — 1953 versus 1929

Because of the large number of stock-splits and some stock dividend distributions, the only sound basis upon which to make comparisons for the cyclical years 1929, 1932-1933, 1941, 1946 with 1953, is to adjust the number of shares outstanding in each case where such stock-splits and stock dividends were made and then examine comparable statistical denominators on a per-share of common stock basis. For this purpose we have used statistics available on 16 important Corporations shown in the accompanying table. These are part of the 30 that make up the Dow-Jones Industrial Average and are companies that reported all common denominators used in this table and analysis.

NET SALES in 1929, averaged $25.50 per-common-share, increasing to $40.00-per-share in 1941; $51.60 in 1946 and $118.30 in 1953!

NET SALES per-share in 1953 were 464% of 1929; 295% of 1941 and 229% of 1946.

EARNINGS-PER-SHARE on the same 16 Companies averaged $2.73 in 1929; $2.42 in 1941; $2.80 in 1946 . . . AND $5.85 in 1953! Expressed in percentage, 1953 was 210% of 1929; 241% of 1941; and 209% of 1946.

DIVIDEND PAYMENTS made per-share averaged $1.56 in 1929; $1.68 in 1941; $1.49 in 1946 and $3.08 in 1953. 1953 Dividend-Payments were 198% of 1929; 183% of 1941; and 208% of 1946.

Averaging the high and low price for the individual years in each case and then re-averaging for the Group, shows that the average **cost per share** in 1929 would have been $43.90; in 1941 only $24.40; $38.30 in 1946 and in 1953, $56.10!

The 1953 average **cost per share** was 132% of 1929; 230% of 1941; 146% of 1946.

The **Price Times Earnings Ratio**, as averaged for the 16 stocks in 1929 was 16.1 times; in 1941, only 10.1 times; in 1946, 13.7 times; in 1953, 9.6 times. Actually, stocks at the end of 1953, on the basis of this Ratio, were cheaper than in any of the other cyclical years enumerated. A summary follows:

Mean Price Relationship: 1953 Versus Other Years

1953 in % of Years Shown (Per Common Share)

Factor	1929	1941	1946	1953
Net Sales	464%	259%	229%	100%
Earnings	210	241	209	100
Dividends	198	183	208	100
Mean Price	132	230	146	100

This comparison speaks for itself. Net Sales, Earnings and Dividend Payments per Share as shown, greatly exceeded the percentage rise in the mean market value of the 16 company common stocks for the individual years shown.

The Cyclical Years 1932-1933, 1941, 1946 Versus 1953

Changes in the National Economy

Economic Denominator	1929	1932-33 Average	1941	1946	1953
	(In Billions)				
Gross National Product	$104.4	$57.2	$125.8	$209.3	$364.9
National Income	87.8	41.3	104.7	179.6	305.0
Business Gross Product	94.8	49.9	112.5	182.8	321.1
Total Compensation to Employees	51.1	30.3	64.8	117.7	209.1
Personal Consumption Expenditures	21.2	12.7	25.7	52.3	77.2
Gross Private Savings	15.7	2.0	22.6	26.6	55.1
Government Receipts	11.3	9.1	25.0	51.2	95.9
Corporate Sales	138.6	71.1	176.2	270.9	523.5
Corporate Profits*	—9.6	1.5	17.0	22.6	39.4
Corporate Profits†	—8.2	1.9	9.4	13.5	18.3
Corporate Tax Payments	1.4	0.4	7.6	9.1	21.1
Corporate Dividend Payments	5.8	2.3	4.5	5.8	9.4

*Before Taxes. †After Taxes.

Careful analysis of the statistics above indicates that the stock market as regards price movements parallels the overall national economy. In some periods, prices may discount changes **in advance**. . . . In other cases, **after** such changes have developed.

Study of these figures and then the Stock Market Denominators which follow show clearly this relationship:

The Stock Market

	1929	1932-33 Average	1941	1946	1953
No. Shares Listed N. Y. Stock Market (millions)	1,128.0	1,302.0	1,463.4	1,771.4	2,926.6
Aggregate Market Value (billions)	64.7	28.0	35.8	68.6	117.3
Average Price Per Share	57.38	25.59	24.46	38.77	40.07

May I stress the fact (as may be seen from the above table) that, because of the increase in the total number of shares listed on the stock exchange, the aggregate dollar market value of all such shares (as of Dec. 31, 1946) exceeded that of Dec. 31, 1929, and by 1953, was almost twice that of the 1929-value. However, on a per-share basis, whereas at the close of 1929, the average price was $57.38, at the end of 1953, it had only come back from the 1932-1933 low of $25.59 to $40.07.

In consideration of the fact that the Gross National Product had increased 246%; National Income 243%; Corporate Sales 273%; Corporate Profits (after taxes) 123%, and Corporate Dividend Payments 61% in 1953 versus 1929, there was every justification for believing that the closing 1953 stock market level had not begun to discount these important major changes in the nation's economy.

1953 Versus 1946

From this point on, we will analyze all succeeding developments from the year 1946, so that the reader will fully understand the great changes witnessed in the national economy. On the basis of a comparison of the Year-1953 with 1946, we would like to call

TABLE IV

STATISTICAL RESUME OF 30 ISSUES COMPRISING PRESENT DOW-JONES INDUSTRIAL AVERAGE

COMMON STOCK OF	No. Shares Common (Millions) Dec. 31, '29	Dec. 31, '53	% 1953 of 1929	Aggregate Market Value (Millions) Dec. 31, 1929	Dec. 31, 1953	% 1953 of 1929	Net Sales, Etc. (Millions) Year 1929	Year 1953	% 1953 of 1929	Operating Income (A) (Millions) Year 1929	Year 1953	% 1953 of 1929	Total Tax Payments (Millions) in 1929	in 1953	% 1953 of 1929
Allied Chemical	2.0	8.9	445%	$521.6	$646.6	124%	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.	$3.2	$37.3	1,166%
American Can	2.5	10.9	436	296.9	435.4	147	N.A.	N.I.	N.I.	$27.6	$77.5	281%	2.9	31.7	1,093
American Smelting & Ref.	1.8	5.4	300	130.5	152.4	117	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.	2.3	15.5	674
American Tel. & Tel.	13.2	42.3	320	2,930.4	6,708.0	229	1,107.6	4,490.6	405	403.4	1,776.3	440	83.5	798.7	957
American Tobacco	2.3	6.5	283	461.8	397.2	86	246.7	1,088.4	441	N.A.	N.I.	N.I.	3.3	58.0	1,758
Bethlehem Steel	3.2	9.6	300	297.6	479.1	161	342.8	2,082.0	607	70.9	366.3	517	5.7	161.0	2,825
Chrysler Corporation	4.4	8.7	198	160.0	513.4	321	375.0	3,347.9	893	48.4	267.1	552	2.4	125.0	5,217
Corn Products	2.5	2.7	108	222.7	193.7	87	N.A.	N.I.	N.I.	16.7	31.1	186	2.6	14.2	456
E. I. duPont	10.3	45.4	441	1,120.0	4,863.0	399	203.3	1,749.6	861	N.A.	N.I.	N.I.	3.7	404.8	10,941
Eastman Kodak	2.3	17.4	757	400.2	817.8	204	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.
General Electric	7.2	28.7	394	1,731.0	2,495.9	144	415.3	3,128.1	753	49.4	496.8	1,005	N.A.	N.I.	N.I.
General Foods	5.3	5.8	109	248.0	349.1	141	120.1	783.0	652	20.1	71.4	355	2.3	35.0	1,522
General Motors	41.8	87.5	209	1,672.0	5,247.9	314	1,504.5	10,028.0	667	337.1	1,743.0	517	28.1	1,054.0	3,751
Goodyear Tire	1.4	4.5	321	86.7	239.5	276	256.2	1,210.5	473	32.6	153.7	472	N.A.	N.I.	N.I.
International Harvester	4.4	13.7	311	348.3	450.6	129	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.
International Nickel	13.8	14.6	106	426.5	510.4	120	N.A.	N.I.	N.I.	27.5	115.1	419	2.7	43.9	1,630
Johns-Manville	0.8	3.2	400	93.0	279.9	300	62.0	253.2	408	9.2	46.2	502	0.7	17.8	2,543
Loew's Inc.	1.4	5.1	364	21.6	61.2	283	116.2	177.6	153	18.4	11.8	64	1.6	1.8	112
National Distillers	0.3	8.5	2,833	7.4	161.5	218	2.1	488.7	23,271	0.2	31.5	15,750	N.A.	N.I.	N.I.
National Steel	2.1	7.3	348	103.6	337.2	326	N.A.	N.I.	N.I.	17.4	146.2	840	1.6	69.3	4,331
Procter & Gamble	1.3	9.6	738	494.0	827.0	167	193.3	911.1	471	24.0	126.7	528	2.5	62.4	2,496
Sears Roebuck	4.5	24.2	538	390.3	1,476.8	372	415.4	2,981.9	735	41.2	321.9	781	4.2	153.9	3,364
Standard Oil of California	12.8	28.7	224	770.8	1,519.7	197	N.A.	N.I.	N.I.	66.4	287.8	433	2.6	64.6	2,485
Standard Oil New Jersey	25.4	60.6	239	1,664.9	4,361.1	262	1,523.4	4,137.7	272	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.
Texas Company	9.9	27.5	279	551.6	1,593.6	289	213.3	1,558.8	731	91.0	365.0	401	N.A.	N.I.	N.I.
Union Carbide & Carbon	9.0	29.0	322	705.1	2,142.4	304	N.A.	N.I.	N.I.	44.1	292.3	663	N.A.	N.I.	N.I.
United Aircraft	*	3.2	---	*	*	*	*	*	*	*	*	*	*	*	*
U. S. Steel	8.1	26.1	322	1,373.0	1,044.4	76	1,118.3	3,861.0	345	277.7	783.8	282	17.2	323.0	1,880
Westinghouse Electric	2.6	16.3	615	362.0	815.2	225	216.4	1,582.0	731	28.8	176.2	612	10.8	74.3	688
F. W. Woolworth	9.8	9.7	99	682.0	494.9	72	303.0	721.3	238	30.9	56.3	182	2.1	22.1	1,052
Total	206.4	571.3	277%	$18,373.5	$39,765.6	216.4	$8,734.8	$44,607.8	511	$1,683.0	$7,827.0	465%	$186.0	$3,681.0	1,979%

*United Aircraft incorporated in 1934. N.A. Not Available N.I. Not included. (A) Before taxes.

STATISTICAL RESUME OF 30 ISSUES COMPRISING PRESENT DOW-JONES INDUSTRIAL AVERAGE (Continued)

COMMON STOCK OF	Available for Common (Millions) in 1929	in 1953	% 1953 of 1929	Dividends Paid on Common (Millions) in 1929	in 1953	% 1953 of 1929	Net Plant Value (Millions) Dec. 31, 1929	Dec. 31, 1953	% 1953 of 1929	Working Capital (Millions) Dec. 31, 1929	Dec. 31, 1953	% 1953 of 1929
Allied Chemical	$27.8	$45.2	163%	$11.9	$26.6	224%	$92	$369	402%	$113	$179	159%
American Can	19.8	27.9	140	10.5	15.2	145	127	241	189	44	126	311
American Smelting	18.3	16.6	85	7.3	13.5	185	122	125	102	69	116	170
American Telephone & Telegraph	201.3	478.5	238	116.4	362.7	316	2,972	9,597	323	Nil	320	---
American Tobacco	27.0	38.0	141	21.1	25.8	122	14	47	338	136	548	403
Bethlehem Steel	35.2	127.4	362	15.6	38.3	246	455	746	164	179	402	224
Chrysler Corporation	21.9	74.8	342	13.3	52.2	393	84	346	413	71	192	269
Corn Products	14.5	14.4	99	10.1	10.2	101	40	88	217	56	34	61
E. I. duPont	72.3	224.5	311	60.2	172.6	287	170	552	324	85	533	630
Eastman Kodak	21.6	49.6	230	16.9	31.9	189	69	223	323	79	186	236
General Electric	64.7	165.7	256	39.7	121.6	306	52	450	870	206	370	180
General Foods	19.4	27.1	140	14.9	15.4	103	24	86	369	27	177	665
General Motors	238.8	585.2	245	156.6	348.8	223	416	1,536	369	248	1,236	499
Goodyear Tire	13.1	46.5	355	5.3	13.1	247	102	192	188	116	401	346
International Harvester	31.4	36.0	115	11.0	27.0	246	115	321	279	222	356	160
International Nickel	20.2	51.8	256	12.4	34.3	275	136	176	129	32	191	592
Johns-Manville	6.1	16.7	274	2.3	13.5	587	26	98	381	12	29	243
Loew's Inc.	11.8	4.4	37	4.0	4.3	108	N.A.	N.I.	N.I.	N.A.	N.I.	N.I.
National Distillers	0.3	10.0	3,333	None	8.5	---	2	121	5,050	14	241	1,708
National Steel	11.8	49.2	417	None	23.9	---	69	277	403	21	136	646
Procter & Gamble	18.5	52.1	282	10.0	31.3	313	34	229	676	61	148	243
Sears Roebuck	30.1	117.9	392	10.9	66.5	610	88	211	240	74	767	104
Standard Oil of California	46.6	189.5	407	31.5	86.0	273	474	1,038	219	102	273	267
Standard Oil of New Jersey	120.9	552.8	457	46.5	272.1	585	732	2,705	369	613	1,339	218
Texas Company	48.3	192.6	399	28.5	93.4	328	311	1,018	327	232	485	209
Union Carbide & Carbon	35.4	102.8	290	20.7	72.2	349	164	658	402	113	303	268
United Aircraft	*	*	*	*	*	*	*	*	*	*	*	*
United States Steel	172.4	196.9	114	63.8	78.3	123	1,542	1,970	128	441	346	79
Westinghouse Electric	26.8	72.4	270	11.0	31.7	283	71	286	400	114	630	552
F. W. Woolworth	35.7	26.9	75	23.4	24.3	104	85	237	356	48	141	293
Total	$1,412.0	$3,612.0	256%	$776.0	$2,129.0	274%	$8,588	$23,944	279%	$3,528	$10,215	28[illegible]%

*United Aircraft incorporated in 1934. N.A. Not Available. N.I. Not Included.

attention to the following percentage increases:

Gross National Product 74%
National Income 70%
Gross Private Savings 107%
Life Insurance in Force 60%
Total Compensation to Employees 78%
Rental Income to Individuals 88%
Total Government Receipts 87%
Corporate Assets 60%
Corporate Profits (Before Taxes) 72%
Corporate Profits (After Taxes) 36%
Corporate Dividends Paid 62%

So much for the Credit-side of the Ledger. On the Debit-side of the Ledger, we find the following:

Corporate Taxes Paid 147%
Corporate Long-term Debt 84%
Corporate Short-term Debt 88%
Mortgage Debt (Farm) 45%
Mortgage Debt (Non-Farm) 130%
Federal Debt 3%
State and Local Debt 88%
Aggregate of all Debt (Public and Private) 40%
Consumer Credit Outstanding Increased 245%

So much for the growth-factors 1953 vs 1946. Let us next review the Stock Market picture:

At the end of 1946, the aggregate market value of all preferred and common stocks listed on the New York Stock Exchange was approximately $69 billion.

At the end of 1953, the aggregate was $117 billion.

Over this period, the figures show that the Stock Market rose approximately 71%, or just about in line with the percentage-increases shown in the preceding summary.

In 1946 the dollar value of all stock transactions was $15.5 billion.

In 1953 the dollar value of all stock transactions was $14.2 billion.

In 1946, the dollar value ratio to national income was 8.6%.

In 1953, the dollar value ratio to national income was 4.6%.

For both 1946 and 1953, average daily transactions reported were 1.4 million shares. The ratio of the value of stock transactions of $125 billion to National Income in **1929** was 142.44% and in **1953** 4.6%. This factor in itself, should eliminate any further comparisons between 1955 and 1929!

The conclusions arrived at from an analysis of the preceding material indicates that corporations in 1953 reported their **largest profits in history!** Dividends were increased substantially, and there was no undue speculation in 1953, based on comparative statistics for 1946. All things considered, there was a strong foundation upon which to predict a further rise in market prices in 1954.

I am indebted to my good friends, Studley Shupert & Co., of Boston for permission to incorporate certain important statistical material in this article.

Using the 30 individual common-stock issues comprising the Dow-Jones Industrial Average, we find as follows:

If we purchased one share each of these 30 issues (the result of averaging the High and Low for each of the 5 years preceding 1954), it would have cost us a total of $1,553 — an average price of $52.00-per-share. As of May 23, 1955, the total value of our holdings would have increased to the amount of $2,338 and the average value of a share to $78.

Let us now study the changes in underlying denominators, that made this increase in price possible. For the three years — 1947, 1948 and 1949 — these companies averaged Earnings of $4.28-per-share, which were increased to $5.12, as averaged for the 5 years 1950-1954, as compared with $5.12 for the year 1954.

The Dividend-pattern follows:

The average for the 1947-1948-1949 years was $2.14; for the years 1950-1954, $2.97, and for the year-1954, $3.13.

The average Yield over the 5 years 1950-1954, was 5.9%, as against a current yield of 4.1%, which brings to light the **real situation!** The average buyer-of-common-stocks today is investing, not speculating! Unable any longer to purchase anything like a 5% or 6%-return (which represented a downright bargain at the time it was available in the market) he has now made up his mind that a 4% rate-of-return (all things considered) is still attractive enough to warrant his purchase of common stocks as investments!

Summing up at this point, we can safely and accurately state: At the end of 1953, every conceivable and available economic common denominator proved conclusively that the nation and its tremendous industrial system had achieved results far in excess of those registered in the year 1946! These improvements were NOT reflected in the Stock Market on the basis of stock prices prevailing in 1946 and in 1953! As we have shown in the preceding table, the average price of all shares listed on the New York Stock Exchange in 1946 was $38.77 per share, while at the end of 1953, the average price-per-share was $40.07.

It is true that the aggregate market value over the same period of all these shares had increased from $68.6 billion to $117.3 billion. Study of the selected 30 individual common stock issues shows that, at the end of 1953, the average arithmetical price per share was $56.00. At the end of 1954, the average price per share of the same Group of issues was $78.00, the 1954-figure being 141% of the 1953-price.

The average High and Low of these 30 issues for each of the 10 years 1944-1953 (mean price) was 44. At the December 31st closing in 1953, the price stated of 55 was only 125% of the 10-year Mean. At the close of December 31, 1954, the same group was selling at 177% of the 10-year mean. The price-times-earnings ratio at the end of 1953 averaged 13.1 x. In 1954, the similar ratio was 19.5 x.

Whereas the yield as averaged for this Group was 5.74% in 1953, in 1954 the rate-of-return was down to 4.31%. As already stated, the significant difference in the 1954 versus 1953 closing prices was predicated on the investors' willingness to accept a lower yield in the latter year (1954) as against that prevailing in 1953!

What is Ahead?

If the reader agrees with the writer that, on the basis of the facts and figures presented in this article, very sound economic reasons prevailed for the advance

Continued on page 38

TABLE V

ALL DATA PER COMMON SHARE

30 Issues Comprising the Dow-Jones Industrial Average

NAME OF COMPANY: Dow-Jones Industrials—	Dividend Each Year from	Earnings Pattern: 1947 to 1949 Average	1950 to 1954 Average	1954	1954 Cash Basis	1954 Earn. per sh. §	Interim Earnings: Period End.	1954	1955	Dividend Pattern: 1947 to 1949 Average	1950 to 1954 Average	1954	% of 5 yr. Earnings Distrib.	Current Indic. Div.	1954 Index of Sales §	% Return on Capitalization: '47-49 Av.	1954	% Profit Margin before Deprec. & Amort.: '47-49 Av.	'50-54 Av.	1954
Allied Chemical & Dye	1921	3.74	4.72	4.73	8.20	127	3 mos.	1.15	1.29	2.33	3.00	3.00	63.6	3.00	143	12.1	8.7	18.8	20.5	20.0
American Can	1923	2.06	2.65	2.53	4.17	123	3 mos.	0.41	0.42	0.92	1.34	1.55	50.6	1.55	161	10.9	8.5	13.6	12.2	11.5
American Smelt. & Ref (a)	1935	5.73	5.17	3.30	4.75	58	3 mos.	0.58	1.37	2.49	2.80	2.00	54.2	2.40	200	16.3	7.1	13.8	11.1	7.5
American Tel. & Tel.	1881	9.07	11.88	11.91	5.22	131	12 mos.-F	11.11	12.02	9.00	9.00	9.00	75.8	9.00	217	4.5	6.1	‡85.0	‡77.0	‡75.2
American Tobacco	1905	7.06	5.90	6.12	6.64	84	3 mos.	1.26	1.31	3.75	4.08	4.40	69.2	4.40	125	10.4	8.6	9.1	9.8	9.9
Bethlehem Steel	1939	8.01	11.57	13.18	22.88	160	3 mos.	2.73	3.51	2.77	4.37	5.75	37.8	6.00	137	11.1	11.3	13.6	17.7	20.6
Chrysler Corporation	1926	11.05	8.55	2.13	12.18	19	3 mos.	0.88	3.96	4.04	6.75	4.50	101.0	3.00	124	24.2	3.1	10.2	8.8	4.4
Corn Products Refining (b)	1920	1.44	1.89	1.75	2.38	121	3 mos.	1.22	1.20	1.08	1.20	1.20	63.5	1.92	114	11.3	10.6	18.6	15.0	14.3
E. I. duPont (c)	1904	3.42	5.64	7.33	9.81	214	3 mos.	1.56	2.00	2.61	4.35	5.50	77.1	5.50	182	16.1	19.9	27.7	37.0	35.5
Eastman Kodak (d)	1902	2.63	3.01	3.80	5.45	144	3 mos.	0.66	0.80	1.13	1.57	1.91	52.2	2.20	163	16.2	15.5	27.6	25.7	26.0
General Electric (e)	1899	1.34	1.95	2.46	3.39	184	3 mos.	0.56	0.58	0.59	1.20	1.47	61.5	1.60	194	16.7	21.1	14.2	17.5	14.8
General Foods (f)	1922	4.07	†4.27	*4.66	*5.81	*115	9 mos.	2.90	4.02	2.08	2.53	2.75	†57.7	3.00	---	13.6	*11.0	9.5	†9.3	*9.1
General Motors	1917	5.10	7.40	9.08	11.74	178	3 mos.	2.13	3.43	2.58	4.60	5.00	62.2	5.00	208	24.0	22.5	19.0	20.6	18.4
Goodyear Tire (g)	1937	2.28	4.32	5.04	8.75	190	3 mos.	1.30	1.32	0.92	1.41	1.63	32.6	2.00	163	7.4	10.1	10.8	12.7	11.7
International Harvester (h)	1918	3.88	3.71	2.24	4.35	58	3 mos.	0.24	0.40	1.54	2.05	2.00	55.3	2.00	115	10.1	4.9	10.2	11.6	8.6
International Nickel	1934	2.26	3.83	4.34	5.56	192	-----	---	---	2.00	2.49	2.90	65.0	2.20	193	12.5	16.7	36.0	38.0	37.3
Johns-Manville	1935	4.41	6.71	5.24	8.92	119	3 mos.	0.82	0.86	1.97	4.10	4.25	61.1	4.25	162	12.3	10.6	17.8	21.5	18.2
Loew's Inc. (i)	1923	1.35	1.21	1.28	2.02	95	28 wks.	0.62	0.64	1.50	1.12	0.90	93.9	0.90	100	5.6	5.0	9.8	8.8	10.1
National Distillers Products	1935	3.66	2.00	1.38	2.33	38	3 mos.	0.29	0.34	2.00	1.55	1.00	77.5	1.00	132	16.5	5.0	13.8	8.6	7.5
National Steel	1907	4.81	5.99	4.13	9.27	86	3 mos.	0.87	1.53	1.52	3.02	3.00	50.4	3.50	122	12.7	7.1	21.4	25.3	19.2
Procter & Gamble (j)	1851	5.36	†4.85	*5.42	*6.67	*101	3 mos.	4.18	4.66	2.67	3.04	3.45	†55.9	3.45	*133	20.0	*14.0	16.8	†13.1	*13.9
Sears Roebuck (k)	1935	4.98	5.21	5.82	6.79	117	-----	---	---	2.08	2.56	3.05	49.1	3.00	138	21.9	12.7	11.2	11.8	11.2
Standard Oil of California (n)	1912	4.49	5.91	6.70	10.50	149	3 mos.	1.74	1.76	1.64	2.69	2.89	†46.2	3.00	185	15.2	*14.6	31.7	†27.2	*26.6
Standard Oil of N. J. (p)	1882	5.05	8.42	8.94	13.59	177	3 mos.	2.44	2.70	1.60	3.98	4.55	†46.5	5.00	198	13.1	*14.6	23.4	†26.6	*26.9
Texas Company (q)	1902	4.93	6.75	8.24	11.96	167	3 mos.	1.85	2.04	1.63	3.29	3.75	48.7	3.75	160	12.5	13.7	22.5	21.9	22.5
United Carbide & Carbon	1918	3.13	3.59	3.10	6.34	99	3 mos.	0.74	0.98	1.64	2.50	2.50	69.6	2.50	159	15.8	9.4	27.4	30.2	27.6
United Aircraft	1936	2.66	5.37	7.66	11.94	288	-----	---	---	1.46	2.38	‡3.50	44.4	4.00	304	8.1	17.6	9.2	10.2	10.0
United States Steel (r)	1940	2.22	3.21	3.23	8.19	145	3 mos.	1.48	2.49	0.94	1.55	1.50	48.3	2.00	141	7.6	7.3	16.3	19.2	20.1
Westinghouse Electric	1935	4.14	4.64	5.06	7.37	122	3 mos.	1.61	0.75	1.30	2.10	2.50	45.3	2.50	187	10.4	8.7	12.1	7.6	12.5
Woolworth	1912	4.21	3.23	2.78	4.19	66	-----	---	---	2.50	2.50	2.50	77.4	2.50	118	14.4	6.9	10.4	8.8	7.8

NOTE—All data shown above are on a per common share basis. *1953 figures. †1950-1953 average. ‡Operating ratio. §1947-1949 = 100%.

LEGEND: **Dow-Jones Industrials** (a) Adjusted for a 2-for-1 stock split on Nov. 30, 1951. (b) Adjusted for a 3-for-1 split on May 20, 1955. (c) Adjusted for a 4-for-1 stock split on June 15, 1949. (d) Adjusted for a 5% stock dividend on March 21, 1955. (e) Adjusted for a 3-for-1 stock split on June 11, 1954. (f) Fiscal year ends March 31. (g) Adjusted for a 2-for-1 split on January 22, 1955. (h) Fiscal year ends October 31. (i) Fiscal year ends August 31. (j) Fiscal year ends June 30. (k) Fiscal year ends January 31. (n) Adjusted for a 5% stock dividend on November 15, 1954. (p) Adjusted for a 2-for-1 stock split on June 21, 1951. (q) Adjusted for a 2-for-1 stock split on June 11, 1951. (r) Adjusted for a 2-for-1 stock split on June 2, 1955.

ALL DATA PER COMMON SHARE

30 Issues Comprising the Dow-Jones Industrial Average (Continued)

NAME OF COMPANY: Dow-Jones Industrials—	Senior Securities: 1947	1954	Book Value: 1947	1954	Price Ranges: 1946 High	1950 to 1954: High	Low	1955: High	Low	Mkt. Price as of 5-23-55	5 Yr. Av. Mean Price	Market Price in % of '50-54 Av.	Market Price in % of '54 Bk. Val.	Av. '50-54 Price to '54 Bk. Val.	Price Earnings Ratios: '47-49 Av.	'50-54 Av.	1953	1954
Allied Chemical & Dye	---	21.98	29.95	42.10	53	105	54	113	93	113	71	159	268	169	12.5	15.1	13.6	18.8
American Can	4.70	9.91	15.22	25.57	27	49	23	45	38	39	33	118	153	129	11.0	12.6	14.1	16.8
American Smelting & Ref. (a)	9.21	9.25	26.80	46.60	31	53	25	50	40	48	38	126	103	82	4.9	8.5	12.2	11.2
American Tel. & Tel.	68.12	87.40	133.42	150.66	200	178	140	187	173	184	157	117	125	104	17.3	13.3	13.4	14.0
American Tobacco	34.40	41.60	35.80	52.85	100	78	54	73	63	70	64	109	132	120	9.7	10.8	11.7	10.0
Bethlehem Steel	22.63	25.60	55.00	103.00	38	111	30	148	102	130	55	236	126	53	4.0	4.8	3.8	6.1
Chrysler Corporation	---	7.19	36.95	66.30	71	98	56	83	66	77	75	103	116	113	5.5	12.4	9.0	30.1
Corn Products Refining (b)	9.29	3.00	11.27	15.40	24	30	20	31	27	30	24	125	195	156	14.6	12.7	13.4	15.5
E. I. duPont (c)	5.90	5.26	14.51	32.70	57	170	60	200	157	192	98	196	587	300	14.7	17.7	20.1	18.7
Eastman Kodak (d)	0.34	0.36	14.91	24.24	36	69	30	82	67	80	43	186	330	177	11.8	14.3	15.7	15.0
General Electric (e)	2.53	0.26	4.99	11.52	17	49	14	56	46	52	25	208	155	217	9.3	12.6	13.7	17.7
General Foods (f)	9.20	*13.38	20.60	*32.90	56	80	40	85	75	85	53	160	258	161	10.2	12.4	12.1	14.7
General Motors	4.70	6.62	14.35	34.70	40	99	34	107	89	97	59	164	280	170	6.6	8.0	9.2	8.7
Goodyear Tire (g)	19.30	23.05	20.40	27.93	24	25	12	63	51	59	18	328	247	64	5.8	7.6	8.8	12.5
International Harvester (h)	5.96	13.29	33.70	46.20	34	39	25	40	35	38	32	119	82	69	7.3	9.2	8.4	14.7
International Nickel	1.89	1.89	17.07	24.98	43	60	25	66	57	64	40	160	256	160	13.2	10.1	11.7	10.9
Johns-Manville	4.06	1.26	29.25	48.00	56	92	36	97	82	84	63	133	175	131	9.6	9.8	10.6	14.7
Loew's, Inc. (i)	10.70	9.38	27.35	27.40	41	20	11	21	17	21	16	131	77	58	15.3	13.5	14.2	13.7
National Distillers Products	2.95	17.34	18.10	22.72	32	37	17	23	20	21	25	84	92	110	5.7	14.9	17.4	14.9
National Steel	5.46	7.50	29.37	54.55	31	66	42	73	58	66	48	138	121	88	5.8	8.7	6.9	13.6
Procter & Gamble (j)	0.29	*3.61	25.05	*36.27	47	99	53	162	91	95	70	136	262	*193	12.8	†13.8	*15.1	*15.2
Sears Roebuck (k)	---	8.50	20.42	37.83	50	79	40	86	74	86	57	151	227	151	7.6	10.9	12.2	11.7
Standard Oil of California (n)	1.53	*2.66	23.57	*41.50	27	80	29	82	73	78	51	153	188	*123	5.7	8.7	8.3	*8.3
Standard Oil of New Jersey (p)	8.78	*15.35	33.05	*57.40	37	112	33	120	107	113	69	164	286	*120	7.1	8.2	8.6	10.3
Texas Company (q)	5.34	8.80	31.35	54.05	34	88	29	101	83	91	54	169	168	100	6.2	7.9	7.7	8.9
Union Carbide & Carbon	5.17	14.48	13.75	23.08	42	89	40	94	80	92	64	144	399	277	12.1	18.2	19.3	25.8
United Aircraft	7.99	7.19	29.52	38.04	31	79	21	94	66	73	39	187	192	101	7.4	7.3	6.6	8.1
United States Steel (r)	16.79	25.92	23.37	38.88	16	38	13	45	34	43	21	205	111	54	5.7	6.7	5.2	8.8
Westinghouse Electric	11.52	22.95	26.20	44.00	39	80	29	83	67	70	45	156	159	102	6.6	9.7	10.2	12.9
Woolworth	0.47	10.30	27.05	32.60	63	55	40	53	46	47	46	102	144	141	11.2	14.2	14.8	17.1

NOTE—All data shown above are on a per common share basis. *1953 figures. †1950-1953 average. ‡Operating ratio.

LEGEND: **Dow-Jones Industrials** (a) Adjusted for a 2-for-1 stock split on Nov. 30, 1951. (b) Adjusted for a 3-for-1 split on May 20, 1955. (c) Adjusted for a 4-for-1 stock split on June 15, 1949. (d) Adjusted for a 5% stock dividend on March 21, 1955. (e) Adjusted for a 3-for-1 stock split on June 11, 1954. (f) Fiscal year ends March 31. (g) Adjusted for a 2-for-1 split on January 22, 1955. (h) Fiscal year ends October 31. (i) Fiscal year ends August 31. (j) Fiscal year ends June 30. (k) Fiscal year ends January 31. (n) Adjusted for a 5% stock dividend on November 15, 1954. (p) Adjusted for a 2-for-1 stock split on June 21, 1951. (q) Adjusted for a 2-for-1 stock split on June 11, 1951. (r) Adjusted for a 2-for-1 stock split on June 2, 1955.

Continued from page 37

1955 Is Not 1929!

in common stock prices, then the important question to be answered is whether or not the financial structure as it is now constituted warrants the conclusion that, all things considered, prices of common stocks are not over-valued, in the light of the general outlook for business activity.

Every nation in every period of history, in its attempts to develop a high standard of living for its people, must make every effort to achieve what is known as the national economic objective — namely: **Full Utilization of Total Capacity.**

Reduced to simple terms, this means that the nation must make the greatest possible and most effective use of its natural resources . . . available labor supply . . . executive talents . . . tools . . . machinery . . . plant and equipment . . . not forgetting its transportation and communications-systems. Backed up by capital, the results will be as follows:

(a) A high level of production
(b) Full employment
(c) High wages
(d) A large total of national income
(e) Substantial private savings

We, as a nation have come closest to reaching this economic objective, on the basis of the outlook for 1955. Production is breaking records . . . we have practically no unemployed . . . wages are the highest in history . . . national income is expected to surpass all previous records . . . substantial savings will be made by millions of our citizens. And, strange as it may seem, the actual supply of common stocks is limited!

There is no way in the world to create a larger supply of stocks except through the development of new industries or the continued expansion of old ones. Any citizen can participate in this effort, and the prosperity of the corporations that comprise and operate under the American system of free enterprise.

Savings and Spendings

Saving represents nothing more or less than postponed spending. To save part of one's income and dollars means to postpone the immediate spending of dollars until some future date. This action involves some sacrifice, and any sacrifice deserves its own reward.,

Reward to the investor in common stocks is easy to explain. Having postponed the spending of his 1955-dollars, he expects a reasonable amount of income on the dollars he saves and invests, and hopes that the dollars saved and invested in common stocks will increase as time goes on — both in dollars and in purchasing power. Only one conclusion is possible, based on the material presented in this article. The 1955-Stock Market (as it stands now price-wise) will undoubtedly be controlled in the future by the decisions of millions of investors.

The 1929 Stock Market was created by a **speculative urge** encouraged by many people in high positions, and the speculator of that day expected a profit the next day!

Today, the investor is primarily interested in income backed by the expectation of reasonable appreciation in the value of any committments he makes in the Stock Market. **The 1929-speculator** was willing to buy a 3% rate-of-return, if there was any promise that the stock would move up 10 or 20% **quickly!**

With mutual funds doing a good job of handling investor-money . . . with pension funds coming into the Stock Market . . . with institutions now permitted to purchase common stocks under certain conditions . . . with wealthy investors holding on to their stocks . . . and with a limited supply of common stocks available to all of these groups, there can be only one answer, as we see it: Barring an unforeseen collapse, or an adverse development in business conditions one which cannot be foreseen now, there is no sign in the world of even a mild recession, let alone a depression that might drive the stock prices down!

As far as the possibility of another 1929-collapse of stock prices is concerned, every intelligent individual today should realize that the conditions that permitted the one-way market in 1929 no longer exist!

To the investor who reads this article, may I be permitted to offer for his consideration, a simple common denominator of evaluation, which may be used as a basis to determine his own investment-values? I have used this calculator in my work in the field of railroad evaluations and, since it has stood up over the years, I feel certain it will do so in the future.

The basis of the calculation is simple arithmetic. B e g i n by establishing in your own mind what you consider a reasonable rate-of-return on your investment in a given common stock. For purposes of illustration, let us assume that we are both in agreement that 4% is reasonable (all things considered). Next, simply multiply the latest dividend-payment by the figure 25, and the result will show a 4% rate-of-return.

For instance: The East & West common is paying $2.00 on the basis of the latest figures, against which the company is earning $4.50. You can afford to pay 25 times that dividend-rate of $2.00, or $50.00, which will return you 4%.

Now assume (and certainly, information is available from many sources), the possibility of improved-earnings and a higher dividend than the $2.00-rate computed. Let us assume that earnings are running at the rate of $6.00 per year and that the dividen-possibility is $3.00 for 1955. Instead of waiting until the declaration is made, simply multiply this $3.00 dividend-expectancy by the same figure 25 East & West common stock is then worth $75-a-share, instead of $50 at the $2.00 dividend rate. It will still return you 4%. The difference between the $50-price in the open market and the $75-price means the latter is worth one-and-one-half times the former . . . certainly a substantial gain in principal value.

In my opinion, this is a sound basic method of evaluations. In my own work, I always use the price-times-dividend ratio, rather than the price-times-earnings ratio.

In connection with the preceding, the so-called "growth factor" must be given consideration. Some companies, rather than pay out a large amount of earnings in dividends, prefer to plow them back into research, plant expansion, etc. Some day, such research and expansion may pay off and dividend-payments be jumped 100% or more.

I have always prided myself in the fact that I do not ever hedge my opinions. If an opinion is based on fundamental principles of investment practice . . . if sound research has preceded the development of the opinion . . . if serious consideration and intelligent application have been given to all factors concerned, there is no reason for any good analyst to hedge his opinion.

As things stand on this day of May 25, 1955, we can only come to the following conclusions:

(a) Basically, our national system of economy is built upon a strong foundation.

(b) The Year-1955 may see records broken in all directions.

(c) This will undoubtedly be true in the case of individual-earnings reports.

(d) Dividend payments both in total and in many individual cases will probably be the highest ever made.

(e) The history of the world over the last 300 years shows that inflation is part of the price we pay for an improved and higher standard of living.

(f) That stock prices in general advance as prices and costs-of-living increase.

(g) That, while on a price-times-earnings-ratio, individual stocks in some cases may appear relatively high, it must be kept in mind that higher dividend rates will reduce that ratio.

We do not expect stocks to show a sharp advance in price over the near future. Any intelligent investor, however, in this day and age, who is satisfied to purchase a 4% rate-of-return and who is satisfied with a reasonable 5% rate-of-appreciation per year over the next five or 10 years, should have no fears as regards the future price level of the stock market.

If my readers are in that category, I feel sure that this article will have served its real purpose.

TABLE VI

Example of Corporate Progress, 1929 Through 1954

GENERAL MOTORS CORPORATION

Overall Statistical Data

(In Millions)

	1929	1944	1953	1954
Net Sales	$1,504.4	$4,362.0	$10,000.0	$9,823.5
Net Sales % of Average 1935-1939	113%	320%	754%	750%
Operating Income	$337.1	$494.2	$1,743.0	$1,805.3
Depreciation	35.2	63.6	178.3	232.9
Total Taxes Paid	28.1	264.6	1,054.0	839.0
Net Income (after Deprec. & Taxes)	248.3	171.0	598.1	806.0
Dividends	156.6	132.1	348.8	436.5
Surplus	92.2	29.7	236.4	356.6
Total Surplus	380.6	379.5	2,256.4	2,612.9
Gross Plant	610.0	930.2	3,053.4	3,920.7
Net Plant	416.0	298.5	1,536.3	2,161.1
Working Capital	248.0	903.4	1,236.2	1,350.6
Number of Shares of Common	41.8	44.0	87.5	87.5
Market Value (December 31)	$1,672.0	$2,817.1	$5,247.9	$8,486.9

Per Share of Common Data

	1929	1944	1953	1954
Working Capital	$1.32	$8.16	$10.88	$8.74
Book Value	8.13	13.00	29.94	34.70
Average of High-and-Low Price	31.50	29.50	62.00	79.00
Net Sales	18.06	48.45	114.60	112.20
Earned	2.86	1.84	6.71	9.08
Dividends	1.80	1.50	4.00	5.00
Average Price Times Earnings Ratio	11.00	16.00	9.20	8.70
Yield at Average Price	5.7%	5.1%	6.5%	6.3%
Average Price Percent of D-J Indust. Avg.	10.9%	20.6%	22.6%	23.1%

Ratios—Net Sales Per Dollar of

	1929	1944	1953	1954
Inventory	$7.98	$8.54	$6.93	$7.41
Receivables	30.50	8.34	18.47	17.13
Gross Plant	2.47	4.59	3.28	2.51
Net Plant	3.62	14.25	6.53	4.55
Working Capital	6.10	4.73	8.11	7.27
Total Capitalization	1.85	3.21	3.45	2.71

Miscellaneous Data

	1929	1944	1953	1954
Profit Margin	22.4%	11.6%	17.4%	18.4%
Net Income in Percent of Sales	16.4	4.0	6.0	8.2
Earned on Total Capitalization	30.6	12.9	20.3	22.5
Depreciation of Gross Plant	5.5	6.8	5.8	5.9
Depreciation of Net Plant	8.5	21.3	11.6	10.8
Depreciation per Common Share	$0.43	$0.73	$2.04	$2.66

Financial Position (a)

	1929	1944	1953	1954
Cash Items Times Current Liabilities	1.0	0.8	0.7	0.7
Current Assets Times Current Liabilities	3.1	2.3	1.6	1.7
Inventory per Common Share	$2.25	$5.67	$16.54	$15.15

Financial Position (b)

(% Current Assets Represented By)

	1929	1944	1953	1954
Cash Items	34.8%	27.2%	41.4%	42.7%
Receivables	13.6	31.8	16.0	17.3
Inventories	51.6	31.0	42.6	40.0
Totals	100.0%	100.0%	100.0%	100.0%

Earnings and Dividends

	Per Share Earned	Per Share Dividend
In Year 1929	$2.86	$1.80
Average 1935-1939	1.97	1.55
Average 1941-1945	1.90	1.38
Average 1949-1953	7.05	4.40
Average 1944-1953	4.80	2.99
In Year 1953	6.70	4.00
In Year 1954	9.08	5.00

Well Considered and Well Said!

"The increasing importance for security markets of institutional investors such as insurance companies, savings banks, open-end investment trusts, corporate pension funds, personal trust funds and nonprofit institutions has been a subject of lively discussion. In this debate fact and fancy, gratification and concern have been closely interwoven. Undoubtedly the collective decisions of fiduciary investors are a major factor affecting the fluctuations of stock prices. The necessary conservatism of institutional buying has contributed to the relative scarcity of and high price-earnings ratios for blue chips. The pressure of ever-growing funds for suitable investment vehicles may serve as an element of stability during periods of adversity, at least for seasoned securities. And beyond the question of the impact of institutional transactions on security prices, there lies the even greater problem of the concentration in relatively few hands of the power over our leading enterprises and the ensuing effect on corporate management.

* * *

"Fiduciary investment has played a major part in spreading the ownership of our great industrial enterprises. Excepting personal trusts, where the beneficiaries are highly concentrated in the top income brackets, institutional buying has channeled into investments the savings of the lower and medium income groups, which by and large still shun direct purchases in the market. This is good, but possibly not good enough. Of the estimated $9 billion of new money available each year to fiduciary trustees only about one-sixth is going into equities. This may not suffice to provide venture capital for our rapidly growing economy, as evidenced by the overwhelming preponderance in recent years of cash generation from retained corporate earnings over new moneys obtained in the capital market. Also, as an increasing portion of savings goes into institutional funds, the conservatism of fiduciary investors, dictated by their role as trustees, exacerbates the difficulties of a young business in obtaining equity capital." — Carl M. Loeb, Rhoades & Co.

We commend this calm and thoughtful discussion of a question not always dispassionately approached.

Cullman, Director

The Companion Life Insurance Company of New York, an affiliate of Mutual of Omaha, at its regular quarterly board meeting, elected Edgar Cullman, of Cullman Brothers as a member of the board of directors.

Mr. Cullman succeeds his uncle, Howard Cullman, former chairman of the New York Port Authority, and his father, the late Joseph Cullman II, as directors of this institution.

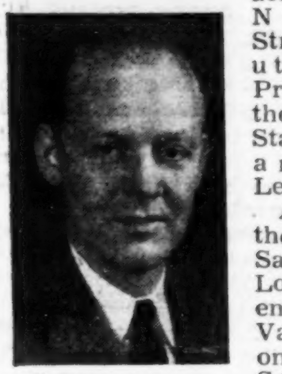
New S. F. Exch. Members

SAN FRANCISCO, Calif.—Edwin R. Foley, general partner of Kaiser & Co., has been elected to membership in the San Francisco Stock Exchange, it was announced by Ronald E. Kaehler, President of the Exchange.

James H. Zilka, an officer, director and voting stockholder of Zilka, Smither & Co., Inc., Portland, Ore., has also been elected to membership in the Exchange.

Credit Stringency to Reduce Housing Starts

Tightening of home mortgage credit likely to cut year's output about 100,000 units below earlier predictions, says savings and loan official.


Norman Strunk

The tightening of home mortgage credit now underway probably will be reflected in a lower volume of housing starts this fall, according to Norman Strunk, Executive Vice-President of the United States Savings and Loan League.

Addressing the Northwest Savings and Loan Conference at Sun Valley, Idaho, on June 4, Mr. Strunk said instead of 1,400,000 new housing starts earlier predicted for 1955, the final total for the year likely will approximate 1,300,000.

"This will still be the second biggest home building year in history exceeded only by 1950," said the League official.

The tightening of credit in recent months, Mr. Strunk added, has been the result of many factors, including action by the Federal Reserve Board and less readily-available mortgage funds growing out of the terrific loan volume of the past eight months.

Although predicting increasing competition in housing markets, he emphasized that this competition will vary from locality to locality. "We should never forget," he said, "that housing is a local product and dependent upon the local market."

"In some areas, this market continues quite strong. In others, it is considerably more competitive, as the volume of building has overcome much of the demand."

In the face of growing competition, Mr. Strunk suggested that savings and loan associations exercise increasing care to see that builders they finance can complete and sell their houses promptly.

"I believe it is time to put a close check on the number of commitments we make to builders, and to also check closely on the number of starts they make with loans from our instiutions ahead of sales."

At the same time, the speaker made it clear that he saw no reason for serious concern or panic in the present home building picture.

"I don't think we are headed for a collapse in the real estate market," he said. "I think the increase in family incomes will help to sustain an active home building market for a number of years, probably until the 1960s, when the World War II babies begin marrying and entering the market.

"I do suggest, however, that the housing market will become increasingly competitive for the next few years, and that we must keep a close watch on our lending programs."

Continued from page 9

What's Ahead for Business?

very large and increasing volume of electrical wholesaling to be done this year.

At least to my satisfaction, I have established the fact that:

(1) Business prospects in general are excellent.

(2) The electrical industry, in which you are wholesalers, has very bright prospects.

(3) As wholesalers you have the prospect of doing the biggest volume of business this year you have ever done, and the prospects for large sales next year are fine.

Then what is there to worry about?

Put very bluntly, the worry seems to be that your profits are nowhere as good as your sales. In fact, at a peak of sales, they have been so discouraging that some electrical wholesalers have thought they could do just as well by closing up shop and going fishing. And a few of them have.

I would like to be able to tell you what to do to remedy this situation. But it would be presumptuous for me even to try to do this in any detail. This is a job for those with expert knowledge of your industry which, as I made clear at the outset, I make no pretension to having.

However, I do have a few ideas which might provide a little comfort, so I propose to tell you about them.

Your shortage of profits, I take it, arises primarily from two causes. One is very severe competition. The other is that you have been losing some relatively profitable business by having manufacturers conclude they don't need you, and undertaking to do their own wholesaling.

So far as having manufacturers take over wholesaling in any overwhelming degree, it seems to me that time is running on your side. With the increasing complexity of end products, all except the largest manufacturers are, I believe, likely to find it increasingly a pain in the neck to try to do their own wholesaling. An officer of the Ford Motor Company recently told me that it would be possible to produce 1½ million Ford cars and have no two alike. Such is the multitude of special things that are built into or on Ford cars. Appliance production is following a similar route of product complexity. And as it does, the retailer's job of keeping adequately stocked grows by leaps and bounds, and with it the opportunity for and indeed the necessity of wholesaling.

There are a lot of other reasons, of course, why wholesaling is here to stay and grow. And not the least important of them is the surging effort of our people to get away from the great metropolitan masses of humanity into less congested communities. This movement constitutes an opportunity for the wholesaler. The very diffusion defeats the individual manufacturer who undertakes to do the whole distributing job.

For the pains of severe competition there is, so far as I know, no sovereign remedy. And, if our economic history teaches us anything, it certainly isn't to be found by getting the government to step in and do something about it. But we live in a period when there are extraordinary, and perhaps even unprecedented, opportunities for the competent operator to ease his competition by outstripping it.

Take the field of book and account keeping alone, which I strongly suspect constitutes a very substantial part of your costs. You who effectively capitalize on the cost cutting opportunities in this field which are pouring out in increasing volume can well be sitting pretty while others are still plagued by what they regard as ruinous competition. I also have a strong suspicion that the possibilities of easing your individual competition by concentrating on better service rather than lower prices remain to be anything like fully explored. But this line of observation gets me into the details of your business where I neither belong nor want to be.

As I said at the outset, you have a crucially important job to do. You could scarcely have more favorable conditions, in terms of business generally, in which to work out the aches and pains which have crept into your business. And you are blessed with an extraordinary abundance of ways to do it.

NYSE to Analyze Trading Transactions

Keith Funston, President of the New York Stock Exchange, has announced the next intensive analysis of all transactions on the Exchange will cover trading on June 8 and 15. This will be the fifth in a continuing series of Public Transaction Studies.

A new and important area—the role of banks and trust companies in the stock market—will be explored in the next study, Mr. Funston disclosed.

"We believe it will be of great significance to determine to what extent banks and trust companies are buying or selling stocks for their different major types of customers such as pension funds, profit-sharing plans and custodial accounts as well as the common trust funds and personal trusts administered by them."

A questionnaire, prepared in cooperation with representatives of the banking industry, has been sent to selected banks and trust companies throughout the country, he continued. From this sampling, we expect to be able to report the relative importance of the many different types of customers served by the banks.

Another important innovation, Mr. Funston announced, will be to analyze the number of cash transactions handled through margin accounts. Member firms have been asked to classify such transactions as cash if the account has free credit balances before and after the transaction.

"This information, of course, will be invaluable in presenting the facts on margin volume to the Federal Reserve Board," Mr. Funston commented.

Mr. Funston pointed out that the Public Transaction Studies have been of great help in establishing overall Exchange policy. And in March, he noted, the Studies helped the Exchange to present to the Fulbright Committee, which was starting a study of the stock market at that time, a thorough and documented account of public participation in the market and of the Exchange's vital role in serving the public.

As in earlier Studies, the latest will analyze the volume of Exchange business by source of purchases and sales, volume by income groups, reasons for buying and selling, sales broken down by length of time securities held, transactions within various price ranges, cash and margin transactions, and geographical origin of orders. All individual reports are made anonymously.

E. R. Bell Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Robert F. Rison is now with E. R. Bell Co., 4627 Wornall Road.

H. G. Brown Opens

OPELOUSAS, La. — Herbert G. Brown is engaging in a securities business from offices at 228 South Main Street.

Nielsen Inv. Co.

TWIN FALLS, Idaho — Harold L. Nielsen has formed Nielsen Investment Company with offices at 109 Main Avenue, East, to conduct a securities business.

Securities Salesman's Corner

By JOHN DUTTON

Santa Claus Deals

There used to be an old expression that went, "If you've got a Santa Claus deal put it where it will do you some good." In other words if you are in a position to pass a situation along to some of your friends and clients, that can give them the advantage of a better price on an attractive new issue when it is originally offered than it is likely to command after the offering is completed, put it where it will do you some good.

Free Riders

When conditions favor new issues and underwritings there is always a companionable increase in people who will seek you out and try to obtain preference on allotments of attractively priced new offerings. Many of these fair weather friends will be only with you as long as you can turn some easy money over to them. When it comes to a matter of favoring you with some solid investment business, these people either don't have the money to do business with you, or they are not interested in solid investments.

When some attractively priced new issue comes along and you think you can pass the benefits along, make up a list of your good customers, and people who will try to reciprocate; either by helping you to obtain new customers or by favoring you with their regular business.

Help Those Who Can Help You

Another oldie I remember was the stock cliche of an elderly spinster who ran a boarding house where I stayed as a young man when I had my first job. The old gal used to pose as a very well educated person and she would dig up some of the choicest bits of homespun wisdom, dress them up in her own style, and then place the name of a great author behind the gem—she used to admonish some of us ambitious young future captains of industry with "Follow a golden wagon and you'll pick up a golden nail" (Shakespeare). I am sure he never said it just that way if at all, but the idea was OK. If you are going to do a favor for someone, do it for someone that can help you. I am not advocating an entirely mercenary attitude in life. I am just saying that if you have some bonds, or some new issue of stock that are hotter than hot, and you are going to give someone a break, give it to someone that can help you. That's business.

Don't Sell Price

When markets are going up, and there are many attractive deals, it is easy to become swayed by market moves and by the price actions of stocks. Everyone likes to make easy money—it's a very human weakness, potent, desire, and pleasant pastime. But, when you have tasted some of this ill gotten lucre, you are liable to grow a bit soft regarding other things that are bread and butter in the securities business. Income, and long-term growth, with money invested in well managed strong businesses are what keeps all of us eating regularly.

When you have an attractively priced situation to offer some of your good friends and customers, sell the quality and the yield and growth possibilities as well as the opportunity for quick profit. If customers want to take a "quick one" once in a while that's OK, but be sure that they know you aren't running a free lunch counter for everyone—just a few of the people who are among your favorite boarders.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Janet Durst has joined the staff of Shearson, Hammill & Co., 520 South Grand Avenue.

With Interstate Secs.

(Special to THE FINANCIAL CHRONICLE)

GREENVILLE, S. C. — Howard H. Lamar, Jr., has become associated with Interstate Securities Corporation of Charlotte, N. C.

Daniel Reeves Branch

SHERMAN OAKS, Calif.—Daniel Reeves & Co., member of the New York Stock Exchange, have opened a branch office at 14221 Ventura Boulevard under the management of Robert I. Higgins.

Politicians, Take Heed!

"The group generally agreed that too much reliance has been placed on the part which price supports and production controls can play in solving agriculture's long-range economic problems.

"It was noted that producers of certain commodities—such as beef cattle, poultry, fruits and vegetables—without mandatory price supports have made rather rapid adjustments in production and have avoided some of the difficulties encountered by producers of supported commodities. Price supports have overstimulated the production of some commodities. Production controls that are necessary for the implementation of a high price support policy tend to reduce efficiency and result in higher-cost production. There is also a tendency for the less desirable types and qualities to accumulate in storage.

"In the future, price supports should play a progressively smaller role and net income a progressively greater role in directing agricultural production." — From the findings of the American Assembly on the perspectives and prospects of American agriculture.

A moderate statement of truths which should be heard and heeded.

Continued from first page

As We See It

dustries or are lying latent awaiting the pleasure or the strategy of the organized workers.

The central question is the degree of moral or social responsibility of an employer for continuity of employment of an employee once placed on the books of the employer. Mr. Reuther's letter just quoted seems to strive to give the impression that the company and the union agree that this obligation is large and pervasive—almost total. That is to say, the passages quoted seem to say that both believe that the company has a duty to reduce, if not eliminate, the "hazards and hardships of lay-offs and unemployment" among the labor force of the company. Little by little companies have already assumed a very large measure of financial responsibility in this area, as witness unemployment insurance and many special considerations written into union contracts.

What Is It?

There has been a great deal said of late months about the "guaranteed annual wage," but no one has taken the trouble to define the term with any great degree of precision. One may gather from what has been said from time to time by union leaders that what is meant by this term at least for the immediate present is an assurance of much larger benefits from employers to men and women either temporarily laid off or permanently dropped from payrolls without charges. There can be little doubt that the ultimate aim of labor agitators is a flat guarantee of wages for, say a year, once an employee has joined the work forces on a permanent basis. This is a degree of "security" which very, very few men in this real world of ours have at the present time, but that fact does not deter the leaders of the unions who are now determined to take full advantage of the present temper of the public mind and general prosperity which makes it financially possible to do a great deal, for the time being at least, which would be completely out of the question in less prosperous times.

What is the real limit of responsibility of employers and of their ability to perform in this matter? We may, of course, largely disregard the polemics of the union negotiators and politicians. It is well known that certain large and successful corporations have long ago instituted something that may be called the guaranteed annual wage, and have not suffered by doing so. Indeed some of them have found it excellent business. In certain of these instances the demands of the workers for greater security of employment the year round set the managements to work to see what could be done to stabilize their operations throughout the year. In the more successful of these, it so happened that their product was one which the consumer used steadily and in about the same amounts all through the year. The seasonality of raw material availability apparently presented no insuperable problem. The stability of operations proved highly efficient for the company. We doubt if there are many who would not agree that where similar results can be achieved—assuming there are such cases where the effort has not been made—it is the clear duty and the opportunity of management to proceed with the matter not only for the sake of employees but for their own business good.

Can They Be Stabilized?

But how many types of business can in the nature of the case be seasonally stabilized? There are some which obviously can not be. Attempts so to stabilize operations which in their very nature are not stabilizable, would entail great risks and great costs, probably causing numerous failures among the higher-cost concerns in any given industry. Much of the seasonal variation in industry goes back to nature. The canning industry can not can vegetables when there are none around to can. Naturally, the farmer must take note of the seasons. So likewise with those industries which cater to certain seasonal needs of the people and produce goods for that purpose which can not feasibly be stored for long periods of time. Diversification of products and other similar steps can sometimes relieve the extremes of these situations, but it would be difficult to bring these types of business under sufficient control to stabilize operations fully throughout the year.

Then there are other types of seasonality which spring from the habits of consumers. The automobile industry, which for years has striven to stabilize its operations throughout the year where it appeared feasible to do so, suffers from consumer habits. People just buy cars in much larger numbers at some seasons of the year than at others. How far can an automobile manufacturer go in guaranteeing steady, year-round employment in these circumstances?

This brings us to the question of moral responsibility. Obviously no company has any moral responsibility to undertake something it knows in advance is quite beyond its reach. Even if ways and means were found in some instances to bear the burden of carrying employees along when no work is available for them, it would often have to be largely at the cost, not of the company, but of the general public. Here the real question has to do with the moral responsibility of the consumer — and, of course, whether he would recognize any such remote obligation and act accordingly even if day dreamers said it rested upon him.

Continued from page 15

Credit Policies of American Banks In Financing Foreign Transactions

entity is not the national government itself—whether the national government or its central bank will guarantee repayment of the debt.

Although up to May 11, 1955 the Export-Import Bank extended 69 credit lines totaling $117,770,000, I understand that few actual transactions have been financed. Most exporters find it difficult to obtain this extensive information on dealers and other customers. While the Bank must, of course, have complete data on the credit worthiness of the importer to whom the loan is actually made, I believe that the required information can be simplified. I hope that the Bank has adequate personnel, experienced in extending this type of credit to handle the new business.

New credit facilities have been made available through the revision by the Federal Reserve Board of Regulation K, dealing with export financing under the Edge Act. The Act, introduced in 1919 by Senator Walter E. Edge of New Jersey, provided that member banks of the Federal Reserve System could set up corporations to engage in foreign trade financing. Under the original Regulation K no more than 10% of the corporation's capital and surplus could be loaned to any one borrower. Under the amended Regulation K a corporation organized under the Edge Act, which does not engage either within the United States or abroad in the business of receiving deposits, will have broader powers to raise funds through the sale of notes and debentures and will be permitted to make loans up to 10 years maturity. The total liability of one borrower was increased from 10% to 20%. This limitation does not apply to liabilities secured by guarantees of any agency of the U. S. Government.

Corporation Formed by Chase Manhattan Bank

A plan to assist American exporters of capital goods under the new provision of the Edge Act was announced by the Chase Manhattan Bank of the City of New York in the Fall of last year. A new company, The American Overseas Finance Corp., capitalized at $20 million, was organized in April, 1955, as an "Edge Act Corporation." It is the first private institution created for the purpose of supplying financing facilities which will enable manufacturers and exporters to extend longer-term credit to foreign buyers.

The corporation will finance export sales of productive capital goods, such as transportation machinery and equipment; mine and well machinery and equipment; machinery and equipment for generating, manufacturing and distributing electric energy, gas, etc.; communications machinery and equipment; construction machinery and equipment; agricultural and manufacturing machinery; machine tools, scientific and professional instruments for industrial purposes; iron, steel, nonferrous metals and industrial rubber products for construction or transportation purposes.

Financing will be available for periods from six months to five years. Applicants for such financing will not be required to purchase any stock in the AOFC. The terms of financing will be similar to those of the Export-Import Bank, namely a 20% down payment by the importer, a 20% participation by the exporter for his own account and up to 60% financing without recourse, by the AOFC. It is contemplated that the Export-Import Bank will participate in the financing and guarantee a certain percentage of the importers liability. I understand that full details of the proposed activities of the AOFC will be announced shortly.

The new organization will supplement the facilities of the Export-Import Bank and will assist American exporters of productive goods to maintain their foreign markets. Manufacturing groups in other areas may find it expedient to organize export financing companies under the new provisions of the Edge Act to meet the foreign credit competition in their particular industries.

Help From New York Board of Trade

Another organization giving special attention to the problem of foreign credit competition is the International Trade Section of the New York Board of Trade. A committee was established early in 1954 to study the problem. The committee recently published a brochure entitled "Proposals for Export Credit and Exchange Transfer Guarantees, "which suggests the creation of one or more privately owned and operated export credit organizations to provide commercial credit risk guarantees. It also suggests the establishment of a special government agency or bureau with an initial capital fund of $100,000,000, to cover political risks including nonconvertibility, expropriation and the like. A summary of the committee's study recently released suggests that the most practical way to deal with the problem would be to establish a system of government guarantees against the dollar exchange transfer and related political risks. Such guarantees, in the opinion of the committee, would in turn make it possible to set up in the United States one or more privately owned and operated export credit guarantor organizations which would insure the commercial credit risks. Subject to certain exceptions, the exporter would generally be required to offer for guarantee all export shipments involving an actual credit risk.

The financial participation of the government would be limited to providing a fund which would be used primarily to support guarantees against losses arising from hazards of a purely political character. The government fund would also be used as a reserve to support commercial credit guarantees on sales of income-producing capital goods on terms longer than one year, such guarantees covering the commercial credit risks of insolvency and protracted default.

Presumably, the commercial guarantor organization would be able in time to build up a sufficient reserve from its coverage of short-term commercial credit risks to enable it to also guarantee commercial credit risks in intermediate and long-term transactions. According to the committee the fees paid for the insurance would be adequate to set up proper loss reserves, to pay operating expenses and to provide a fair return on the investment.

Danger of Government Insurance

There is a serious question in my mind as to whether government insurance against convertibilit risks and exchange transfer delays could serve as a basis for bank financing or private insurance coverage against commercial risks. Convertibility insurance does not protect the exporter or the insurer against exchange depreciation or devaluation which at present represents a serious risk in many countries. To be effective government insurance must also cover the risk of exchange depreciation or devaluation, similar to the facilities extended by the Netherlands Credit Insurance Company. This company gives forward exchange cover for currencies which are outside of the scope of the free market or where as a consequence of the long period of cover a counter-party cannot be found in the free market.

The Export-Import Bank is now offering guarantees against political risks including nonconvertibility for exports of capital goods. However, the demand for such guarantees has so far been limited. I feel that commercial banks would hesitate to extend credit, without recourse, under such guarantees.

Some private finance companies discount short-term foreign bills without recourse at a rate commensurate with the risks involved. However, the higher cost of financing becomes uneconomic to both seller and the buyer and this type of financing is therefore limited by competition in price.

In November, 1952, staff members of the Federal Reserve Bank of New York conducted a survey of nonbank sources of credit available to smaller importers in the New York area. There were about 10 firms in New York engaged in the financing of foreign trade, with a combined capital of around $15 million; the lending potential of such factoring firms can normally be expanded about threefold through bank credit available to them. With some additional capital supplied to foreign traders by customers brokers and freight forwarders, a total of over $50 million was probably available from nonbank lenders.

The Export-Import Bank is not in favor of short-term financing of exports or the extension of government credit for nonproductive goods. Mr. R. H. Rowntree, Economist of the Export-Import Bank, made the following statements in a speech before the Bankers' Association for Foreign Trade at Virginia Beach, on May 11 of this year:

"There are those who contend that the Export-Import Bank should at least relieve the ex-

porter of the so-called transfer and political risks even on sales for cash against documents. The Bank seriously questions that such a course would be in the best interests of United States trade. We have carefully stayed out of the field of short-term credits and will continue to do so until a change in this policy is really wanted and warranted. . . .

"For our government to insure against risks on sales for cash against documents or even on credit up to 180 days would either serve no useful purpose or, much worse, would encourage the extension of credit in excess of the ability of the importing country to pay in dollars . . . or credit to all who seek it. This may be even more true abroad than it is at home. If the Bank is unmindful of the effect of its credits upon the importing country, we will only pile up instalment credit until a point is reached where the buyer cannot pay his debts because he will be unable to obtain the means to do so."

I believe that the expanded facilities of the Export-Import Bank, the increased powers of the "Edge Act Corporations" and of the new private finance corporation will help American exporters to meet normal longer term requirements by foreign buyers. However, the present credit rivalry in foreign markets is not occasioned by normal trade needs. It is in most cases a sales incentive based on government backing. It is not competition by private enterprise, but rather competition by foreign governments with American private enterprise.

The time is ripe for an effort to stop the "cold war" in credit terms which is becoming a burden to all concerned. It is time for the business leaders of industrial countries to get together and establish sound credit principles in international trade. They should prevail upon their governments to discontinue the use of credit insurance and guarantee facilities as a form of subsidy in export. These facilities should be used only as a means of extending normal credit, essential to particular industries.

In the meantime our exporters must pursue a prudent policy and extend longer credit terms only when merited, rather than to outbid a competitor.

Stubnitz Greene Stock Placed Privately

Golkin & Co., New York City, has sold privately 50,000 shares of common stock of Stubnitz Greene Spring Corp., Adrian, Mich., according to an announcement by Maurice Stubnitz, President of the automotive cushion seat spring and mechanical spring manufacturing company.

Proceeds of the sale will be used to equip a new cushion seat spring plant and for other corporate purposes. Mr. Stubnitz said sales of all divisions currently are running at a rate of $25 million annually.

Stubnitz Greene has been manufacturing cushion seat springs for trucks, passenger cars, and buses since 1935. In 1954 the company acquired the cushion seat spring and mechanical spring facilities of Reynolds Spring Company as well as that company's chemical division. The chemical division is directing its efforts to broaden the use of its processes for coating a wide variety of materials, such as steel, glass, paper and textiles, with a protective liquid vinyl coating. This process has wide commercial application and holds future promise for diversifying and expanding Stubnitz Greene Spring's present earnings base.

Continued from first page

More Commentaries on the Guaranteed Annual Wage

are dictated by demand factors completely beyond the control of management.

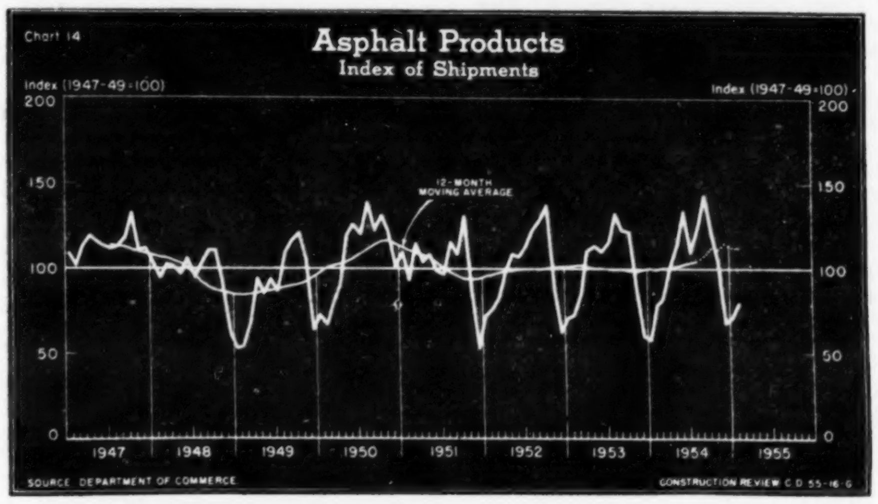
The building materials industry, for example, is highly seasonal. Even in very prosperous times such as we are currently experiencing, production, and consequently the need for labor, fluctuates. This is not due to the industry's unwillingness to smooth out the peaks and valleys of production but to climactic conditions which affect building construction activities.

The accompanying chart, appearing in the May, 1955 issue of "Construction Review" (Volume 1, Number 5, page 45) issued by the United States Department of Commerce—United States Department of Labor, clearly illustrates the seasonal fluctuations in the line of asphalt roofing products, based on actual shipments by all members of the industry.

Since outdoor construction work is impossible in many parts of the country during the winter months, demand for building materials is necessarily concentrated in those months of more moderate weather. Because building products are exceptionally bulky in relation to their value, it is not possible to warehouse these goods during periods of decreased demand in anticipation of the building season, even if it were possible to know the extent of future demand in advance, which has never been the case. Granting guaranteed wages under these conditions could only result in unreasonably high prices and probable failure to many concerns.

In view of the character of the building materials industry and others in which similar factors apply, it seems logical that the solution to the problem of steady income for workers should be brought about by improved unemployment benefits supported by governmental taxation.

Guaranteed annual wages will benefit all the people, consequently, the cost of financing them should fall on all the people through taxes and not on individual companies which are not financially capable of carrying the burden.



EMERSON S. BOWERS
Treasurer, Atlantic, Gulf & Pacific Co.

It seems to me that the problem offers but one conclusion: It is not possible to have a guaranteed annual wage until there is assured annual sales or production for employers. Assurance of even an approximate amount of annual sales and production is impossible in many lines of business, including construction. The labor turnover and change in location of activities is a further deterrent in the construction industry.

Emerson S. Bowers

We see no way to accomplish a guaranteed annual wage other than through additional social security coverage; i. e., unemployment compensation, which would mean further payroll taxation.

O. B. JOHANNSEN
Roselle Park, New Jersey

If businessmen are really sincere in their desire to stave off any guaranteed annual wage program, they will have to set an example to the rest of the people. They must reintroduce the principle of *laissez faire*—a fair field to all with favors to none—which made America a great nation.

If all they do is to continue to wage defensive fights, as on GAW, they can be assured of one defeat after another. They must assume the offensive. An all-out attack on the present America God—Security — must be made. Denounce security and keep denouncing it. Denounce Federal Social Security, state unemployment schemes, state aid of any description to business, agriculture, labor, or even the individual citizen, and reaffirm the principle that the state's only function is police protection of life and property.

Let businessmen stop treating the people as though they are children. Tell them the facts of life. Set up an educational program attacking this whole philosophy of looking to someone else to take care of us.

A man is responsible for himself. No one else is. If he succeeds in accomplishing his goals in life—good. If he fails—tough—but at least he will have the respect of himself and others for having tried.

It's time for the 20th Century businessmen to have the guts that the 19th Century businessmen had.

Continued from page 16

The American Economy During the Next Ten Years

heavily concentrated at the lower income levels than either rural nonfarm or urban families. Over 88% of the rural farm families received money incomes of less than $5,000 in 1950. By 1960 Mr. Dewhurst anticipates that the percentage of rural farm families with mony incomes below $5,000 will fall to 84%. It is quite possible that the proportion of farm families in this group will decline still further — to say 76% — by 1965. For as the material well being of the population rises throughout the country some farmers, particularly those at the lower income levels, will leave the farm for more remunerative work elsewhere. Those who remain are likely to find their earning power materially enhanced.

Thus, these projections indicate that the differences in the money income distributions of farm and nonfarm families will decline, although significant differences will still exist. It should be noted in this connection that these income distributions take into consideration money income only, and that the discrepancy between the income distributions of farm and nonfarm families in terms of real income might not be so great.

If I were to venture a guess about the nature of the distribution of money income for the same three groups of consumer units in 1965, I should say that the same tendencies described above will continue during the period between 1960 and 1965. Even by the latter year, however, it is not likely that differences between money income distribution of rural farm, rural nonfarm and urban families will disappear, although the differences that exist between them will be smaller than they are at present.

Demand for Farm Products

Two basic tendencies may be expected to bring about these results. First, it is likely that the demand for farm products will continue to increase during the next 10 years. Second, migration from farms to urban centers may be expected to continue for at least another 10 years with the result that the financial status of those who remain on the farms will improve more rapidly than would be the case if the farm population remained stationary or if it increased.

One of the notable facts of the past 10 years or so has been the substantial growth in the population. There has been some evidence of late that the rate of increase is slowing down a bit. In absolute numbers, however, the population can be expected to continue to rise throughout the period under discussion. Mr. Dewhurst forecasts a population rise of 25 million between 1950 and 1960, the population of this country will reach a total of 177 million. In my judgment we can expect another rise of 10 to 12 million during the following five years, so that our population will be in the neighborhood of 190 million by 1965.

Pattern of Consumption

I have already mentioned the fact that an increase in demand for farm products is to be expected during the next 10 years. The fact that there will be more mouths to feed will result in an increase in the quantity of food consumed. The fact that consumer units will have more money to spend will probably result in a change in the pattern of consumption.

In this connection Mr. Dewhurst has provided estimates which indicate that per capita consumption of dairy products, eggs, meat, fish and poultry, citrus fruits and tomatoes, leafy green and yellow vegetables, and other vegetables and fruits will be higher in 1960 than they were in 1950. His estimates also indicate that during the same period per capita consumption of fats and oils, dry beans, peas, nuts and soya products, potatoes and sweet potatoes, and grain products will decline. He anticipates no change in per capita consumption of sugar and syrup, coffee, tea and cocoa.

Mr. Dewhurst points out that by 1960, the gap in demand between need and consumption in the case of milk, fruit and vegetables will for all practical purposes be eliminated. The same point can probably be made for several of the other foods mentioned above. For this reason I do not expect a further significant change in the pattern of food consumption between 1960 and 1965. In view of the growth in the population between these years, however, it seems to me that the total quantity of food consumed is likely to rise in those years by another 5 or 6%.

Since so many of my statements involve numerical expressions, which may convey a false impression of precision, it would probably be well to emphasize the fact that these estimates I have presented, both Mr. Dewhurst's and my own, are not intended to be precise predictions at all. They are intended as approximations of what is possible during the years ahead, rather than as forecasts of what will actually occur.

Obviously, if a war breaks out it will not be possible to increase our material well being to the extent indicated by the foregoing estimates, since war necessitates a diversion of manpower, raw materials, and other factors of production away from the civilian economy. Should our cities be bombed, the destruction and devastation which will result may seriously cripple our economy for an indefinite period. Or, if for some unforeseen reason, deflationary forces should gain the ascendency for a fairly extended period, production and employment will decline instead of rising.

Let me say, however, that I am inclined to be optimistic rather than pessimistic about our economic future. My optimism is based on my confidence that our citizens and our national leaders of both political parties are conscious of their responsibility to act prudently in the realm of public policy and to help preserve the conditions which have made possible the present healthy state of our economy.

Three With Weston Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Adrian Allen, Archie M. Cohen and Marc Sterling have been added to the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Joins Scherck, Richter

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Raymond K. Bass has joined the staff of Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John S. Prosser has been added to the staff of Dean Witter & Co., 632 South Spring Street.

With First Western

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Harriet J. Miller has been added to the staff of First Western Securities, Inc., 1419 Broadway.

Joins Curran Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Edward W. Boyer is now affiliated with The Curran Company, 4336 Fourth Avenue.

Continued from page 11

The Economic Aspects Of the Cold War

rect loans to business exporters to aid Latin American industry, although the funds available from that source cannot begin to equal those which are potentially available from private sources.

The answer, of course, is to facilitate and encourage private foreign investment at every possible opportunity. It is the surest way to combat collectivism.

There are many similar problems facing us in the world today. I have only touched on very few.

But if we examine further into these two diametrically opposed philosophies, we find case after case, and instance after instance, where the free enterprise system has been challenged by collectivist concepts. In fact, our system has been fought by communist groups to such a degree, and to such an extent, that it is obviously one of the primary targets in the entire cold war episode.

Furthermore in the years to come, if the military and political tensions become less, there is evidence that more emphasis than ever will be placed upon the fundamental economic issues which exist between these two basically opposed ideologies.

It is not enough that we should simply adopt a passive belief in our own system. We are faced with aggressive and fanatical opponents, who on many occasions have said that, from their standpoint, the two ideologies cannot exist side by side in the world. They have repeatedly stated that their long-term objective is to destroy our own system and replace it with theirs. With the constant twistings and turnings of the communist line, we must always remain fully alive to this basic objective.

Of the outcome in this struggle I have not the slightest doubt. The developments of the last few weeks have demonstrated that with real strength, and unity of purpose in the free world, we can begin to negotiate for true peace. It will be a long road and perhaps at times a discouraging one. But if we have faith in our principles and faith in our system, we can face the future with confidence.

As you go out into private business and industry, both at home and abroad, and take over your share of responsibilities, you will become the real representatives of the private enterprise system. The policies you follow, and the decisions you adopt, will have a vital and increasingly important part in the preservation of the institutions that we believe in.

You will have an unprecedented opportunity for industrial statesmanship and leadership of the highest order.

I believe it is also important that you manage your time and work in a way that will enable you to keep informed of our Government's policies in the foreign field. Increasingly these policies have an important impact on our daily lives and business activity. From what I know of the high standards observed by you as a group, I have every confidence that you will make a contribution to good government, helping shape sound foreign policy, as well as achieving personal success in business and industry.

Continued from page 14

The Role of Government In Our Expanding Economy

ourselves do now when we visit the national parks.

The wilderness is a treasure that must not be hoarded for the benefit of only a fortunate few. Our national parks belong to all of the people, and all are entitled to equal opportunities to enjoy them.

This is not an idealistic philosophy without practical aspects. In addition to their matchless beauty and the spiritual uplift which they afford, our national parks have become an important dollars and cents asset in the life of the Nation. Last year 48 million visitors entered the parks. Before the end of another decade it is estimated that this number will have grown to 75 million of our citizens.

On the move, to and from the parks, the traveling American public pumps literally millions of dollars into the circulating economic lifestream of the Nation. In fact, the tourist business is rapidly becoming one of America's major industries.

Protecting Our Resources in Minerals and Fuels

Within the Interior Department are the Geological Survey, the Bureau of Mines and the Defense Minerals Exploration Administration which have the responsibility for our resources in minerals and fuels, the sinews of commerce.

Theirs is the task of wisely conserving what we have, finding new sources of supply of the known resources, and at the same time searching for new methods and new materials to enable us to broaden and deepen the base of our economy.

I wonder, for example, how many realize that the atomic powered submarine Nautilus probably would not now be at sea if it had not been for the work of Interior Department scientists who produced the magic metal zirconium. You will hear more of this metal as you approach your target year 1965.

It is lightweight and corrosion proof and is an important part of the shields protecting the Nautilus crew from atomic radiation. It has many other uses too.

Every pound of zirconium in the Nautilus was produced by a Bureau of Mines pilot plant at Albany, Ore. In fact, until last year, all the zirconium in the country was produced by the Bureau.

Another new metal, titanium, is potentially one of the most valuable structural materials developed by modern technology and seems destined to figure prominently in our industrial progress. Until about a year ago all of it was produced in a Bureau of Mines laboratory plant.

Both of these wonder metals are now being produced by private industry.

Like all Government patents, these discoveries are available without cost to any citizens willing to assume the risks involved in a new venture to place zirconium or titanium on the open market at competitive prices. The Bureau of Mines is getting out of the production business just as quickly as private industry can get its plants operating to meet the critical demands for these metals.

You've heard the "give away" charge fostered by those who want to keep everything under Government control so that they can run your lives and your businesses. Perhaps this could be called a give away. But it's the way we like to do business at Interior. We think it is the American way.

The Government has a responsibility to undertake jobs that are too complex or too expensive for individuals, or industries to initiate. Once the process for economic development has been found, the Government retires and the free enterprise system takes over to cut costs and speed production.

The rapid pace of our economic expansion is imposing vast levies on our supply of natural resources.

I do not share, however, the dire forebodings of those who think we shall soon reach a point when our progress will be undermined by a lack of sufficient raw materials.

These predictions have proven wrong many times in the past. Each time our economy has expanded to new heights of achievement.

We shall develop new supplies with the same initiative and ingenuity which has always characterized our free competitive system.

In the tremendous area of the Outer Continental Shelf off the coasts of Louisiana and Texas, for example, our oil industry is pushing ahead with the development of great new oil resources to meet the needs of the future.

This development has been made possible by the opening of the area for drilling for gas and oil under legislation vigorously supported by this Administration. Revenues from the bonus bids and first year rentals on the relatively limited areas already leased total more than $142 million, and it is estimated that Federal revenue arising from submerged land development will reach $6 billion.

This does not sound much like a "give away" to me.

Synthetic liquid fuels are another potential source of the resources we need for our future economic expansion.

The Interior Department has sponsored much of the basic research to make possible the production of liquid fuels from our virtually unlimited supplies of coal and oil shale.

Industry is now taking over the commercial production of synthetic fuels and we can look forward to an increase in output as our needs require.

Another vital resource agency within Interior is the Bureau of Reclamation which has redeemed millions of acres of land from the desert and which has established whole valleys of prosperous cities and towns, of farms and homes and ranches, and has been the agency responsible for the development of the economy of a large area of the United States.

Responsibilities of the Federal Government

The Federal Government in connection with these great agencies has many clear responsibilities.

Let me say emphatically the Department expects to meet them all, and meet them as fully as the financial condition of the country will allow.

But there are many grave problems facing us. When this Administration came into office it found that trends long in the making and fostered by 20 years of the New Deal were leading us down the road toward a Federal monopoly of the development of our natural resources, particularly hydroelectric power.

We were told that our resources should be permanently owned and controlled by the Government; that they could be managed better and developed better by an all-powerful Federal bureaucracy. This is the heart of a program of State Socialism.

I say to you tonight that in my opinion it is not possible for the Federal Government to assume the responsibility for all programs of natural resource development. Those persons who advocate this theory have small conception of costs required or of the consequences upon our form of Government.

Because of the extreme financial problem and because of the great hazards to our very system of government itself, it is my feeling that the only sound answer lies in increased state and local cooperation in the development of water resources. You may recall that President Eisenhower, even before his election, stated his firm belief in the desirability of a partnership approach to these problems.

Partnership with the states.

Partnership with local public bodies.

Partnership with private enterprise.

The term "partnership" is a happy one. It implies not only confidence in each other but the satisfaction of working together in mutual effort, a mutual stake in a joint enterprise. It represents as well the spirit of complete cooperation and helpfulness between the Federal Government, the states, local governments and private citizens in the projects they undertake.

How has this policy been received? The President's economic report to Congress states that during the last two years applications to the Federal Power Commission for permits to survey potential hydroelectric developments represented a larger total of kilowatts than was covered by the applications during the prior seven years.

At the end of last year the volume of such permits outstanding was by far the greatest in the history of the Commission.

To me this is a convincing demonstration that partnership is succeeding in its purpose: It is encouraging local interests to play their proper part in resource development. Through this program of partnership we believe that America's resource program will continue to move forward at the pace which is demanded.

The Task of Advertising

The need for all of us to face up to the gigantic task that lies ahead is imperative. You who are here tonight are representative of the most active and important advertising and marketing organizations in the world.

Upon you engaged in industrial advertising rests an especially heavy responsibility in the nation's march toward its economic goals. It is you who quickly make known all the new advances in machinery, materials and forms of energy. Through you is heralded the new and improved products and services that can be produced with them.

You encourage investment in the future of our country. Investment is the great engine of its expansion.

Yours is a vital role.

I sometimes feel that the many contributions of our business leadership to the nation's welfare and development are taken too much for granted. It is especially true that we take the achievement of business executives in advertising, sales and marketing too much for granted.

When we exult in the protective might and the inventive genius of American industry, we sometimes may forget that unless we sell it, we don't produce it, and our economy does not expand.

In the final analysis, indeed, all of the American people must be concerned with the real goal of our common efforts: The building always of a better and a stronger America.

The government has its role to play. In many ways, government assistance is needed.

The government will play its role.

It will continue to lend assistance.

But it must be a role of helpfulness and cooperation and partnership.

It must never be a role of domination.

The Interior Department will not "give away" anything, but it will not be a party to closing the door of opportunity to individual and local enterprise, and it will not abandon the American way of life which built this great nation and inspired mighty dreams of the future.

Baltimore Gas & El. Offering Underwritten

The Baltimore Gas & Electric Co. is offering holders of its common stock of record June 7, 1955, rights to subscribe on a one-for-ten basis for an aggregate of 575,856 shares of its common stock at a price of $30.25 per share. The subscription offer, which expires June 22, 1955, is being underwritten by a group headed by The First Boston Corp. which will purchase any unsubscribed shares. Concurrently, the company is offering 70,000 additional shares to employees.

Proceeds from the common stock financing will be used for general corporate purposes including proposed construction expenditures, which, may exceed $35,000,000 in 1955. The utility is now completing construction of a new electric generating plant with an initial capacity of 125,000 kilowatts. This additional station will boost the peak capability of the company's system to slightly less than 1,000,000 kw.

The company, formerly Consolidated Gas Electric Light & Power Co. of Baltimore, supplies electric and gas service to Baltimore and the surrounding area. Total operating revenues for the 12 months ended March 31, 1955, amounted to $110,254,000 and net income amounted to $12,690,000.

Dividends of 35 cents a share were paid on Jan. 1 and April 1 of this year and a dividend of 40 cents a share is payable July 1, 1955 to holders of record May 24, 1955.

Customers Brokers to Elect Nom. Committee

At the meeting of the Association of Customers' Brokers to be held June 15 at White's Restaurant, New York City, a Nominating Committee of nine will be chosen from the following slate of candidates:

Todd G. Alexander, Auchincloss, Parker & Redpath; Hazel S. Anderson, Gude, Winmill & Co.; David Bell, Herzfield & Stern; Hibbard E. Broadfoot, Hayden, Stone & Co.; John Carden, R. F. Lafferty & Co.; William Cogswell, Fahnestock & Co.; Alice Cunningham, Hallgarten & Co.; Edgar Ehrenthal, Ladenburg, Thalmann & Co.; Ben Goldman, Sartorius & Co.; Michael J. Hays, Paine, Webber, Jackson & Curtis; Edward A. Horn, Kuhn, Loeb & Co.; Justin Jacobs, Peter P. McDermott & Co.; Leo J. Larkin, Carl M. Loeb, Rhoades & Co.; Ralph Lepore, E. F. Hutton & Co.; Lorrin C. Mawsdley, D'Assern & Co.; Edgar T. Mead, G. C. Haas & Co.; Rodman B. Montgomery, Jr., Harris, Upham & Co.; Leslie Phillips, Josephthal & Co.; Wallace Reynolds, Dean Witter & Co.; Robert W. Sharer, Hemphill, Noyes & Co.; George F. Worns, Shearson, Hammill & Co.

Continued from page 14

Economic Freedom Should Include Individual Freedom

human beings are not advanced enough spiritually to carry it out as the modus of economic life, and to try it would eventually bring a retrogression in all things—spiritual and material. But "to each according to what he honestly can contribute" is still a pretty high ethical concept, and one which will and does work in the economic field.

Reconciling Business Practices With Moral Concepts

What we have to remember, I think, adequately to meet the situation with which we are faced, is that much of the criticism toward business stems from religious, spiritual, and idealistic concepts which we must approach carefully and understandingly. More important we must do all we can to reconcile business practices with these concepts. We dare not seek to destroy them. For if we were successful, we would destroy free enterprise as well.

Too many of us have forgotten that the genesis of freedom in the western world is religious. We like to think of our freedom being guaranteed by laws. But this is nonsense. Laws and constitutions merely set up the framework for freedom. For the most part, they are infringements on absolute freedom. They should be, and in practice they are, the minimum governmental restraints necessary to assure order. But to enjoy the sort of freedom we've come to take for granted much more than laws are required. There must be a vast national conscience, shaped by moral and religious teachings which impose restraints on our natural greed, cruelty, and capacity for injustice. Without these restraints, freedom would become a jungle existence, and we inevitably would need more and more government controls, to protect ourselves from one another—until freedom itself disappeared.

If free enterprise is to survive and bring all the material blessings it promises, the fundamental job is, in my opinion, to accelerate the trend of recent years to conduct it on an even higher moral and ethical plane. There is no denying the fact that the practices of business a generation or two ago were in a great many respects in direct conflict with religious and ethical teachings. Great strides have been made, but the conflict is still too great in some areas, and our society will not indefinitely put up with this incompatibility in two such important areas of its existence.

The greatest enemies of free enterprise are not Communists, but a minority of unscrupulous, hard-boiled, or greedy businessmen wherever they still exist.

It is not good enough to say our current day principles and methods of conducting business are on as good an ethical and moral plane as some mythical average citizen's. They must be better—far better—if we who manage business want to continue our leadership. The plain fact is we can no longer be leaders in a strictly economic sphere alone.

The Feeling of Envy

A common trait of most people with which we must contend, is envy. Not necessarily malicious envy, although some of it may be, but innocent envy — simply the feeling that we must be entitled to as much as anyone else. I can see this in Jack's attitude. In a way, that is part of the price we pay for having a free society that seeks to afford the maximum individual opportunity.

Still another natural trick of human nature in most of us is the tendency to look for someone else to blame for our own misfortune or folly. None of us is free of this weakness, and we should find it easy to understand in others, like "Carl," the farmer.

Now the point I am trying to make in all of this is not to read a sermon to business, but to emphasize that there is good reason for many of the misconceptions about business which exist—some our own failures, some the faults of human nature. If we approach the whole subject with more humility and understanding, and not with indignation, as "George" the businessman started to do, our efforts to gain a better public concept of enterprise will fall on friendlier ears, and be far more successful.

With this humility and understanding, we must speed up and broaden the information we give about our businesses. We must start with our own employees. Most of their economic concepts stem from the place where they work, and they pass these concepts on to others.

In this job of informing, we are only beginning to break the ice that has kept so many managements frozen and coldly aloof from their employees for so many years. A simplified annual report that talks down to employees is not the answer, in my opinion. Nor are company magazines loaded with propaganda. I do not say printed materials are not good, because a great many of them obviously are. If they are straightforward and well conceived, they are good supports. But to my mind, the main thing is to talk to employees about the business face to face, solicit their questions and answer them frankly and sincerely.

In my company, for instance, we train our entire supervisory staff to talk freely to their employees about the business. They meet with them as a group every month, using information about the business that they get from their own experience, from the officers in meetings, and from me in a monthly Management Newsletter. I also write employees a quarterly letter. We have annual jobholder meetings at the same time as our annual stockholder meeting. Throughout the year we undertake to answer on our bulletin boards any question submitted to us, signed or unsigned, about any phase of the business. The more questions we get, the better opportunity we have to inform.

I hold no brief for our particular methods except for the principal of personalizing the information given as much as possible. Most of the well-managed larger companies are doing similar jobs of communicating with their employees. Some of them are outstanding.

But more and more companies need to follow suit — particularly the smaller, privately owned companies which still tend to regard information about the business as a secret. And I believe retailers should do a great deal more along these lines, too. Few do now. "Sally" might well have gotten her misinformation on profits because her mother worked in some retail establishment, and told her the proprietor marked up his merchandise about 60% over what it cost him, and she just assumed his expenses couldn't be more than 10 or 15%.

Profit Sharing

I can't pass the subject of gaining employee understanding without reference to profit sharing. I could, in fact, take all my time today on that one subject alone. In my opinion, there is no better way, not only to educate employees, but to increase productivity and profits in every phase of business. Profit sharing is growing rapidly, and more and more companies are finding it effective in one form or another.

Sharing is a natural instinct and a natural relationship between two human beings with a common objective. If it is so for two people, it is so in principle for three people—or 300 people, or 3,000 people.

We have been given evidence here this afternoon that profits are grossly and fantastically misunderstood. Profit sharing is essentially the subject of debate at every bargaining table in the country. You'll remember "Jack" said he was all for the guaranteed annual wage—"How else are you going to make sure that workers get their fair share of profits?" The sharing of profits is at the core of many of our great political issues. It represents a dispute that could threaten — and sometimes has threatened—our very way of life. Yet many of us in industry are still trying, for the most part, to meet this modern-day challenge by clinging to antiquated concepts and attitudes. We draw a profit line — a battle line — of distinction between capital and labor, while giving lip service to the idea of partnership.

The best way to really educate employees on the fundamentals of business life is to create participating interest. It's education through self interest, without education is a difficult thing indeed. Almost every company I know which has a profit sharing plan has high productivity and good profits and dividends. And if a profit sharing company runs into rough weather competitively and economically, it can get the response of its employees to the sort of cost-cutting and hard work needed to regain its position. Employees who share in the profits know what profits are, and how competition operates to keep prices at a reasonable level. And profit sharing can be a well spring of good will. Consider, for example, what it has done for the public relations of such companies as Sears Roebuck, Procter and Gamble, and Eastman Kodak—let alone smaller companies like ours.

Beyond the education of our own employees, there are many other things all of us can do to promote understanding. They are too numerous to mention, but they cover, of course, the entire field of public and community relations. Beyond such things as publishing in the newspaper an "annual report to the community," in the town where you operate, and sending informative material from time to time to teachers, clergymen, professional men, and other community thought leaders, there are many opportunities to deal frankly with individual situations as they arise so as to keep the public properly informed.

For instance, we had a layoff early this year due to the termination of defense work. We ran ads for quite a period of time in the area newspapers, telling people why the layoff was necessary, saying frankly we were genuinely sorry to be losing these good and skilled employees, and seeking positions for them in other industries. We were successful finding opportunities for a number of them. The public not only knew correctly what we were doing, but they got the reason why, as well as the feeling, I hope, that we honestly wanted to do something for these people.

Real Understanding Requires A Friendly Climate

As I have said, real understanding is difficult to achieve unless there is a friendly climate. What makes up this climate is no one particular thing, but a series of very many things. If the climate is critical and unfriendly misinformation will be accepted and passed along—usually magnified. If the climate is friendly, it will be challenged and verified. Our job of education, therefore, goes way beyond the boundaries of our individual businesses. It goes beyond taking an interest in government—which "George," our manufacturer, doesn't see the necessity of doing. It concerns such seemingly peripheral things as our attitude on broad public issues, local and national.

Recall the question put to the steelworker: "Who's done the most to protect the freedom of the individual?" We might as well admit the fact that we businessmen have been too prone to isolate economic freedom (or free enterprise) and to ignore the other freedoms—such as free speech, free assembly, civil rights, equality of opportunity for minorities, and so forth. There are other important freedoms in this country, as we should know, and too many of us in business have been too busy to worry much about them. Religious leaders, educators, and other important and influential professional people in our nation do worry about these freedoms, however, and they find it hard to understand our apparent lack of concern. Consequently our information often may not fall on too friendly ears.

Freedom, after all, is indivisible, just as we've always been told. And if we want to get credit for being one of its most important protectors—as we are—we'd better protect it whenever and wherever it is threatened, and extend it wherever we can.

We can and should be good citizens in our community. Most of us are today, I am glad to say. But the few of us who aren't—the few who fail to contribute their share in money and leadership to our hospitals, our United Funds, and to the many other voluntary private welfare and civic organizations — are doing all business and the enterprise system serious harm.

We must take a much greater interest too, in supporting education. There has been a slow awakening in the last few years to the fact that the schools and colleges are vital to any understanding. We have realized that we have ignored for too long the pressing need for better schools, for better salaries for teachers, for financial support for private colleges and universities, and for more cooperation and sharing of information with the teachers and educators. All of these things help tremendously in creating a friendly atmosphere in which we can hope to gain the understanding we need.

There's a Biblical proverb you may remember that says: "Wisdom is the principal thing; therefore, get wisdom; and with all thy getting, get understanding."

This is our hope for the American public during the coming years. And it is our solemn responsibility to help them get it. But these words were meant for us, too. We've got to get more wisdom and understanding before we can expect it from others. It just isn't realistic to expect the other fellow to bend halfway toward understanding us, unless we have shown ourselves to be receptive to him.

We vitally need this friendly, receptive atmosphere because, compared to the demagogue who heads to destroy our freedom, our job is truly a Herculean one. Human nature being what it is, all he has to do in many cases is to stand on a platform, distort a few statistics, point to apparent injustices, and convince the crowd that all they have to do is to fight oppressive management and gain the right to dip into a barrel of inexhaustible wealth.

We, by comparison, are faced with the job of teaching much of the public a course in philosophy, and in many cases to tell people what they don't want to hear; to point out that you can't get more out of the barrel than is put in by production, whether it be from government or private industry; to explain that taking everything away from the so-called rich would provide little per capita for the poor; to counsel that human progress by its nature must be slow, that the solution of many problems is the choice of the lesser of evils; that too much security means decadence; that opportunity and incentive must be preserved, even though they are sometimes abused; that the effect of chance on all of our lives can probably never be completely eliminated; that the test of any social or economic question is not whether it is right or wrong, in any theoretical or absolute sense, but whether it will work **now** and help us to progress, or whether, if tried **now**, its net effect will be to set us back.

I think you will agree with me it's quite a challenge. In its broadest sense, it is the great challenge of the age in which we live. Can democracy survive?

In meeting this, we can well heed the words of Judge Learned Hand, "The spirit of liberty is spirit which is not too sure it is right . . . which seeks to understand the minds of other men and women . . . which weighs their interests alongside its own without bias." If we remember those wise words as we try to build a better world in the years ahead, we will earn understanding for our businesses and companies, and we can be confident that the best system yet devised by man will survive through the ages.

Group Offers Signode Steel Common Stock

A group headed jointly by White, Weld & Co., Lehman Brothers and McCormick & Co., yesterday (June 8) offered publicly 160,000 shares of Signode Steel Strapping Co. common stock (par value $1) at a price of $19.25 a share.

Of the total 160,000 shares, 100,000 are being issued and sold by the company and the remaining 60,000 shares by selling stockholders. The company will add its proceeds initially to general funds for use for additional plant facilities and for working capital. Major capital expenditures contemplated for 1955 include the completion of a plant near Glenview, Ill.; the initiation of a program for improving and enlarging rolling mill, strap finishing and related facilities estimated to cost about $2,200,000; and the acquisition of a controlling interest in the Canadian companies that distribute Signode products in Canada and manufacture related items.

The company's principal business is the manufacture, purchase and distribution of steel strapping, metal seals and the tools required for their application. These products are used extensively to bind and reinforce shipping units such as boxes, bales, crates, cartons and skids, and to hold in place carload shipments or cargo aboard ship.

For the three months ended March 31, 1955, the company reported sales and other operating revenues at $8,977,851 and earnings of $706,818, equal to 62 cents a share. For the year 1954, sales equaled $29,051,757 and earnings were $2,261,292, or $1.98 a share.

Joins First Secs. Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Leslie S. Southcomb has become associated with First Securities Company of Chicago, 134 South La Salle Street, members of the Midwest Stock Exchange.

Hornblower & Weeks Adds

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, Ill.—Richard L. Rutledge has become affiliated with Hornblower & Weeks, Rockford Trust Building.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Jun 12	§96.7	*95.8	97.2	73.2
Equivalent to—					
Steel ingots and castings (net tons)	Jun 12	§2,334,000	*2,312,000	2,345,000	1,746,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 27	6,655,450	6,676,350	6,835,950	6,431,350
Crude runs to stills—daily average (bbls.)	May 27	¶7,483,000	7,329,000	7,159,000	7,020,000
Gasoline output (bbls.)	May 27	24,669,000	24,552,000	24,099,000	22,914,000
Kerosene output (bbls.)	May 27	2,196,000	2,165,000	2,126,000	2,336,000
Distillate fuel oil output (bbls.)	May 27	10,738,000	10,552,000	10,521,000	9,459,000
Residual fuel oil output (bbls.)	May 27	8,070,000	8,084,000	7,796,000	8,293,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 27	169,373,000	170,677,000	176,759,000	172,855,000
Kerosene (bbls.) at	May 27	25,220,000	24,144,000	21,012,000	23,416,000
Distillate fuel oil (bbls.) at	May 27	80,204,000	76,109,000	67,635,000	71,224,000
Residual fuel oil (bbls.) at	May 27	44,156,000	43,386,000	43,887,000	46,433,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 28	790,176	774,419	730,137	689,292
Revenue freight received from connections (no. of cars)	May 28	669,576	669,287	634,544	592,719
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 2	$324,143,000	$402,699,000	$389,375,000	$204,387,000
Private construction	June 2	216,474,000	289,598,000	247,070,000	107,377,000
Public construction	June 2	107,669,000	113,101,000	142,305,000	97,010,000
State and municipal	June 2	79,762,000	83,802,000	106,853,000	66,724,000
Federal	June 2	27,907,000	29,299,000	35,452,000	30,286,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 28	9,330,000	9,250,000	8,600,000	7,279,000
Pennsylvania anthracite (tons)	May 28	511,000	489,000	396,000	569,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 28	114	115	120	10[illegible]
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jun 4	9,537,000	9,976,000	9,586,000	8,746,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jun 2	203	204	237	218
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 31	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	May 31	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	May 31	$34.00	$34.00	$35.00	$28.58
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jun 1	35.700c	35.700c	35.700c	29.700c
Export refinery at	Jun 1	35.725c	35.825c	36.175c	29.675c
Straits tin (New York) at	Jun 1	91.625c	91.750c	91.250c	93.750c
Lead (New York) at	Jun 1	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	Jun 1	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	Jun 1	12.000c	12.000c	12.000c	10.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 7	96.70	96.74	96.36	99.13
Average corporate	June 7	108.88	108.83	109.06	110.15
Aaa	June 7	112.37	112.37	112.56	114.85
Aa	June 7	110.34	110.34	110.34	112.00
A	June 7	109.06	108.88	109.42	109.97
Baa	June 7	104.14	104.14	104.31	104.14
Railroad Group	June 7	107.44	107.27	107.44	108.70
Public Utilities Group	June 7	109.42	109.42	109.79	110.34
Industrials Group	June 7	109.97	109.97	110.15	111.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 7	2.74	2.74	2.77	2.56
Average corporate	June 7	3.23	3.23	3.22	3.16
Aaa	June 7	3.04	3.04	3.03	2.91
Aa	June 7	3.15	3.15	3.15	3.06
A	June 7	3.22	3.23	3.20	3.17
Baa	June 7	3.50	3.50	3.49	3.50
Railroad Group	June 7	3.31	3.32	3.31	3.24
Public Utilities Group	June 7	3.20	3.20	3.18	3.15
Industrials Group	June 7	3.17	3.17	3.16	3.10
MOODY'S COMMODITY INDEX	June 7	400.5	397.4	399.9	439.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 28	269,132	236,922	290,223	239,769
Production (tons)	May 28	274,342	279,415	266,188	241,709
Percentage of activity	May 28	98	97	96	91
Unfilled orders (tons) at end of period	May 28	520,458	578,264	507,635	364,150
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jun 3	106.71	106.74	106.82	107.24
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 14	1,121,250	1,198,335	1,362,579	993,442
Dollar value	May 14	$58,803,949	$61,643,937	$71,621,860	$45,767,558
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 14	980,675	1,005,245	1,399,849	993,976
Customers' short sales	May 14	6,232	7,046	6,213	8,070
Customers' other sales	May 14	974,443	998,199	1,393,636	985,906
Dollar value	May 14	$50,053,594	$50,704,445	$65,689,065	$44,272,117
Round-lot sales by dealers—					
Number of shares—Total sales	May 14	272,030	245,430	362,770	320,340
Short sales	May 14	------	------	------	------
Other sales	May 14	272,030	245,430	362,770	320,340
Round-lot purchases by dealers—					
Number of shares	May 14	399,420	447,300	447,310	319,370
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 14	479,170	508,460	537,550	354,430
Other sales	May 14	11,701,210	11,845,600	14,502,430	9,978,370
Total sales	May 14	12,180,380	12,354,060	15,039,980	10,332,800
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 14	1,478,350	1,515,570	1,814,960	1,100,400
Short sales	May 14	249,610	271,420	285,220	224,130
Other sales	May 14	1,215,220	1,327,750	1,469,780	934,070
Total sales	May 14	1,464,830	1,599,170	1,755,000	1,158,200
Other transactions initiated on the floor—					
Total purchases	May 14	245,320	263,730	331,960	312,200
Short sales	May 14	22,100	36,300	14,000	14,400
Other sales	May 14	247,930	302,890	337,900	283,330
Total sales	May 14	270,030	339,190	351,900	297,730
Other transactions initiated off the floor—					
Total purchases	May 14	493,112	505,656	556,210	358,742
Short sales	May 14	73,490	103,100	122,500	40,390
Other sales	May 14	600,423	547,096	656,190	384,047
Total sales	May 14	673,913	650,196	778,690	424,437
Total round-lot transactions for account of members—					
Total purchases	May 14	2,216,782	2,284,956	2,703,130	1,771,342
Short sales	May 14	345,200	410,820	421,720	278,920
Other sales	May 14	2,063,573	2,177,736	2,463,870	1,601,447
Total sales	May 14	2,408,773	2,588,556	2,885,590	1,880,367
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 31	110.2	*110.2	110.4	110.7
Farm products	May 31	91.0	91.8	92.5	97.8
Processed foods	May 31	103.5	*103.1	108.3	106.2
Meats	May 31	85.3	*84.2	85.8	97.7
All commodities other than farm and foods	May 31	115.6	*115.6	115.7	114.4

*Revised figure. ¶Includes 790,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of March (000's omitted)	$1,353,200	$261,000	$1,274,500
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of May (000's omitted)			
Total U. S. construction	$1,726,525	$1,449,047	$1,456,942
Private construction	1,147,581	831,892	942,244
Public construction	578,944	617,155	514,698
State and municipal	424,323	489,229	410,363
Federal	154,621	127,926	104,335
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of April 30:			
Total consumer credit	$30,655	$29,948	$28,095
Instalment credit	23,513	22,974	21,426
Automobile	11,482	11,053	9,942
Other consumer goods	5,492	5,479	5,413
Repair and modernization loans	1,534	1,530	1,617
Personal loans	5,005	4,912	4,454
Noninstalment credit	7,142	6,974	6,669
Single payment loans	2,496	2,481	2,181
Charge accounts	2,859	2,735	2,723
Service credit	1,787	1,758	1,765
CONSUMER PRICE INDEX — 1947-49 = 100— Month of April:			
All items	114.2	114.3	114.6
Food	111.2	110.8	112.4
Food at home	110.1	109.7	111.8
Cereals and bakery products	123.9	123.9	121.1
Meats, poultry and fish	103.0	102.3	110.5
Dairy products	104.6	105.4	104.6
Fruits and vegetables	117.5	112.0	110.0
Other foods at home	109.4	111.9	113.6
Housing	119.5	119.6	118.5
Rent	129.9	130.0	128.2
Gas and electricity	110.3	110.3	107.6
Solid fuels and fuel oil	125.7	126.2	123.9
Housefurnishings	104.5	104.6	106.1
Household operation	118.1	117.9	116.9
Apparel	103.1	103.2	104.1
Men's and boys'	105.5	105.6	107.1
Women's and girls'	97.1	97.4	98.4
Footwear	116.9	116.7	116.1
Other apparel	90.2	90.4	90.4
Transportation	125.3	127.3	129.1
Medical care	127.3	127.0	124.9
Personal care	113.7	113.5	112.9
Reading and recreation	106.6	106.6	106.5
Other goods and services	119.8	119.8	120.2
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of April:			
Cotton Seed—			
Received at mills (tons)	12,780	36,302	28,265
Crushed (tons)	318,041	438,002	469,833
Stocks (tons) April 30	705,100	1,010,361	890,521
Crude Oil—			
Stocks (pounds) April 30	106,593,000	125,738,000	129,705,000
Produced (pounds)	110,834,000	150,978,000	161,955,000
Shipped (pounds)	125,217,000	171,702,000	191,274,000
Refined Oil—			
Stocks (pounds) April 30	562,020,000	568,369,000	1,147,144,000
Produced (pounds)	117,110,000	161,402,000	178,107,000
Consumption (pounds)	119,302,000	138,285,000	176,259,000
Cake and Meal—			
Stocks (tons) April 30	273,098	278,909	177,739
Produced (tons)	154,119	218,928	219,851
Shipped (tons)	159,930	197,083	209,425
Hulls—			
Stocks (tons) April 30	56,039	67,434	112,223
Produced (tons)	70,582	98,197	106,964
Shipped (tons)	81,977	99,680	89,329
Linters (running bales)—			
Stocks April 30	285,687	317,298	226,187
Produced	101,903	139,583	149,749
Shipped	133,514	179,044	150,138
Hull Fiber (1,000-lb. bales)—			
Stocks April 30	442	449	983
Produced	178	457	394
Shipped	185	626	325
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks April 30	3,983	*4,336	7,717
Produced	988	*1,315	2,440
Shipped	1,341	*1,351	3,474
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on April 30	22,280,000	22,390,000	------
Spinning spindles active on April 30	19,160,000	19,365,000	------
Active spindle hours (000's omitted) April 30	8,854,000	11,485,000	------
Active spindle hours per spindle in place April	450.1	459.4	------
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of May:			
Industrials (125)	4.05	4.03	4.81
Railroads (25)	4.69	4.65	6.27
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.55	4.44	4.86
Banks (15)	4.06	3.94	4.62
Insurance (10)	2.49	2.50	2.94
Average (200)	4.14	4.12	4.88
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of March (in billions):			
Total personal income	$294.2	$292.4	$285.0
Wage and salary, receipts, total	201.5	*199.8	194.5
Commodity producing industries	87.4	*85.9	84.2
Distributing industries	53.5	*53.4	52.0
Service industries	26.4	*26.3	25.0
Government	34.2	34.2	33.3
Less employee contributions for social insurance	5.2	5.1	4.7
Other labor income	6.6	6.6	6.6
Proprietors and rental income	49.7	*49.8	48.9
Personal interest income and dividends	24.8	*24.8	23.9
Total transfer payments	16.8	*16.5	15.8
Total nonagricultural income	278.5	*276.2	268.8
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of April (000's omitted):			
Exports	$1,226,000	$1,341,000	$1,426,000
Imports	857,000	1,005,000	957,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of May 31	$277,515,208	$276,686,284	$273,555,234
General fund balances	5,879,608	6,401,175	5,486,781
Net debt	$271,635,600	$270,285,109	$268,068,453
Computed annual rate	2.348%	2.331%	2.347%

*Estimated.

Continued from page 6

The State of Trade and Industry

"Steel" estimates May production at 10,300,000 tons. That would make a total of 47,400,000 tons for the first five months. A 10,000,000 ton June would bring the first-half total to 57,400,000 tons. Even if the first half of this year falls short of a record, it will be the second largest first half, continues this trade weekly.

June started with a slightly reduced rate of steelmaking. In the week ended June 5, operations were at 96.5% of capacity, compared with the preceding week's 97%. The decline came from the Memorial Day holiday and a decision by some mills to lower operations from 105 and 106% of capacity to 100 to preserve equipment.

Everyone has been wondering how long steel demand and production will remain high. One thing is pretty sure: Consumption will decline during June, July and August — the months when metalworking plants take summer vacations. Whether demand drops depends on how well business holds up, it adds.

How good business is now, depends on where you are. Demand for cold-rolled carbon steel sheets has filled order books for several months ahead. In contrast, foundry business is slow. In the East, a large supplier of pig iron to the foundries reveals its iron sales in May were 5% under those of April, it further reports.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 96.7% of capacity for the week beginning June 6, 1955, equivalent to 2,334,000 tons of ingots and steel for castings as compared with 95.8% (revised) and 2,312,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on an annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 97.2% and production 2,345,000 tons. A year ago the actual weekly production was placed at 1,746,000 tons or 73.2%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Turns Lower in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 4, 1955, was estimated at 9,537,000,000 kwh., according to the Edison Electric Institute.

This week's output decreased 439,000,000 kwh. below that of the previous week, when the actual output stood at 9,976,000,000 kwh.; it increased 1,291,000,000 kwh., or 15.6% above the comparable 1954 week and 1,441,000,000 kwh. over the like week in 1953.

Car Loadings Advance 2% Over Previous Week and 14.6% Above Like Period of Last Year

Loadings of revenue freight for the week ended May 28, 1955, increased 15,757 cars, or 2% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended May 28, 1955, totaled 790,176 cars, an increase of 100,884 cars, or 14.6% above the corresponding 1954 week, and an increase of 3,421 cars, or 0.4% above the corresponding week in 1953.

U. S. Automotive Output Dropped 20% Below the Preceding Week

The automobile industry for the latest week, ended June 3, 1955, according to "Ward's Automotive Reports," assembled an estimated 132,774 cars, compared with 167,455 (revised) in the previous week. The past week's production total of cars and trucks amounted to 159,017 units, or a decline of 20% below the preceding week's output of 198,182 units, states "Ward's."

Last week's car output declined below that of the previous week by 34,681 cars, and truck output by 4,484 vehicles during the week. In the coresponding week last year 95,015 cars and 16,299 trucks were assembled.

Last week the agency reported there were 26,243 trucks made in the United States. This compared with 30,727 in the previous week and 16,299 a year ago.

Canadian output last week was placed at 11,101 cars and 2,703 trucks. In the previous week Dominion plants built 9,412 cars and 2,245 trucks, and for the comparable 1954 week 7,062 cars and 1,312 trucks.

Business Failures Hold Steady in Holiday Week

Commercial and industrial failures, in the holiday week ended June 2 totaled 203 as against 205 in the prior week, Dun & Bradstreet, Inc., reports. Casualties were lower, however, than in the similar weeks of 1954 and 1953 when 218 and 217 occurred. Continuing below the prewar level, mortality was down 18% from the toll of 249 in the similar week of 1939.

Failures with liabilities of $5,000 or more edged up to 173 from 171 but did not reach the 193 of a year ago. Small casualties, with liabilities under $5,000, dipped to 30 from 33, although they exceeded the 25 in 1954. Eleven failures had liabilities above $100,000, compared with 14 in the previous week.

Wholesale Food Price Index Continues Mild Decline

A further slight easing in the Dun & Bradstreet wholesale food price index brought the May 31 figure to $6.33, a new low since April 7, 1953 when it stood at $6.32. The current number reflects a mild dip from the preceding week's $6.34, and a drop of 14.2% from $7.38 a year ago.

Up in wholesale price last week were rye, bellies, lard, peanuts, eggs, rice and hogs. Lower were flour, wheat, corn, oats, barley, beef, butter, coffee and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Declined to Year's Lowest Level the Past Week

Continuing its mild downward movement, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., touched the lowest level of the year during the past week. The index closed at 270.84 on May 31, comparing with 271.74 on May 24, and with 274.00 on the like date a year ago.

Grain markets generally continued to weaken although prices moved irregularly during the week. With receipts light and country sales small, cash corn prices have held fairly firm, but the futures market lacked support with both old and new crop deliveries selling far below the support price. Planting of corn was said to be just about completed with good rains in the Midwest getting the crop off to a good start. Rye displayed strength at times under buying stimulated by unfavorable crop news and the prospect that imports would continue to be limited after July 1.

After showing some strength in the fore part of the week, wheat prices drifted lower influenced by reports of generous rainfall over the belt.

Trading in grain and soybean futures on the Chicago Board of Trade last week fell off to a daily average of 36,000,000 bushels, from 44,300,000 the previous week and 42,400,000 a year ago.

Flour prices were irregular and finished slightly lower for the week. Bookings of hard wheat bakery flours continued on a very conservative basis with all classes of buyers hesitating to make commitments prior to the new wheat crop harvest. Spot cocoa prices remained steady but futures were somewhat easier in dull trading. United States importers of cocoa continued inactive as buyers from the producing areas. Warehouse stocks of cocoa fell slightly to 168,724 bags, from 170,237 a week earlier, and compared with 108,599 bags a year ago.

Coffee prices developed a firmer tone in the latter part of the week as action by producing countries to bolster sagging prices seemed imminent.

It was reported over the weekend that representatives of 15 major coffee producing nations of Latin America and the Belgian Congo had approved the creation of an International Coffee Bureau.

Trading in lard was moderate with prices holding in a narrow range. The live hog market was featured by continued broad shipping demand. Prices were irregular and moved sharply upward in late dealings following marked weakness at mid-week.

Spot cotton prices were mostly steady with a slightly easier trend noted at the close.

Factors tending to depress the market included a growing belief that the latest official forecast of exports would prove optimistic, the receipt of beneficial rains in parts of the cotton belt, and the continued increase in the prospective supply of "free" cotton as the result of loan repossessions and purchases from the CCC.

Trading activity in the 14 markets declined sharply, with sales totaling 53,400 bales for the week, against 88,400 the previous week and 137,300 two weeks earlier. Loan repayments reported in the week ended May 20 were the largest weekly volume this season.

Trade Volume Aided By Good Weather and Widespread Promotions Rose 4 to 8% Above Like Period a Year Ago

Although trade was active in the period ended on Wednesday of last week, the loss of one shopping day in some parts of the country substantially reduced the total dollar volume of retail sales from the level of the prior week.

Widespread promotions and good weather contributed to much higher sales than in the same week of 1954.

Hard goods and men's apparel registered the most noticeable gains over last year at this time.

The total dollar volume of retail trade in the week ranged from 4 to 8% above a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from a year-ago levels by the following percentages: Pacific Coast 0 to —4; Northwest +1 to +5; New England +3 to +7; East +4 to +8; Midwest +5 to +9; South +6 to +10; and Southwest +7 to +11.

Although there was a moderate decline in sales of both women's and children's apparel, the demand for men's clothing rose markedly. Purchases of worsted and synthetic suits were frequent and men's shoes were popular.

Automobile dealers reported that more new cars were sold last week than in the period preceding, although used car sales declined somewhat. Household appliances were in considerably greater demand than a year ago, but sales of air conditioners continued to lag. While the buying of case goods, bedding and outdoor furniture improved, television purchases remained at a low level.

Wholesale activity in the week was moderately lower than in the preceding week but substantially higher than in the corresponding period of last year. Observance of Memorial Day in some sections of the country shortened the trading week.

While wholesalers had heavy orders, there was evidence in some markets that competition was increasing.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 28, 1955, advanced 10% from the like period of last year. In the preceding week May 21, 1955, a rise of 8% was registered from that of the similar period of 1954, while for the four weeks ended May 28, 1955, an increase of 10% was recorded. For the period Jan. 1, 1955 to May 28, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City the past week, according to trade observers, was about even with or slightly below the sales volume of the corresponding week of last year. Cooler weather and some rain were responsible for the change in trend of past weeks.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended May 28, 1955, advanced 8% above that of the like period of last year. In the preceding week May 21, 1955, an increase of 2% was recorded. For the four weeks ended May 28, 1955, an increase of 4% occurred. For the period Jan. 1, 1955, to May 28, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

National Telefilm Shares Offered

Charles Plohn & Co., members of the New York and American Stock Exchanges, are underwriting an offering of 312,500 common shares of National Telefilm Associates, Inc., at $5 per share.

The company, which has joined with General Electric Co. to develop a nation-wide service for television stations, distributes motion picture feature and special film series to television stations across the country.

The proceeds are expected to place National Telefilm in a more favorable position to acquire future film distribution rights. Exhibition contracts written in May were highest in the company's history, as were unbilled exhibition contracts.

Television rights for seven films of London's Korda studios and 26 films of J. Arthur Rank were recently obtained by National Television.

Combine Offices

Two members of the Put and Call Dealers Association, Ludwig Kahn of L. P. Kahn and Henry Blair of Henry Blair and Co., have expanded and moved to a central office at 40 Exchange Place, New York City. The central office is larger than the previous space held by the individual firms and is equipped with all modern facilities, including wire and cable systems necessary for the rapid execution of Put and Call options.

Mr. Kahn's cable address is OPTIONS. Mr. Blair's cable address is HENBLAIR.

With Professional Service

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Marion L. Maroney has become affiliated with Professional Service Plan, 1122 Crenshaw Boulevard. Mr. Maroney was previously with California Investors.

Denault Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Philip M. Philibosian has joined the staff of Denault & Co., Russ Building.

With Hannaford Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—C. L. Kastendieck is now connected with Hannaford & Talbot, 519 California Street.

Joins H. L. Jamieson

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Charles W. Partridge, Jr. has become connected with H. L. Jamieson Co., Inc., Russ Building.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Thomas L. Corn is now with Mutual Fund Associates, 444 Montgomery Street.

Three With Reynolds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Eugene S. Espey, Jr., Worth W. Howard, and Bruce T. Malm have become affiliated with Reynolds & Co., 425 Montgomery Street.

Two Join Sutro Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Gene C. Giannotti and Charles B. Warren are now affiliated with Sutro & Co., 407 Montgomery St., members of the New York and San Francisco Stock Exchanges.

Mutual Funds

By ROBERT R. RICH

THE MAJOR ROLE played by chemical companies in the growth of atomic energy paves the way to future expansion in the chemical industry. This role is described in a new study entitled "Atoms and Chemistry" just released by F. Eberstadt & Co. Inc., manager and distributor of Chemical Fund, Inc.

The survey discusses several of the areas in the field of atomic energy in which chemical companies are active. Major developments include the use of radiation in medicine, of radioactive tracers in the study of chemical and biological processes, the manufacture of fuel elements and other materials for atomic reactors, and mining and refining of fissionable materials.

The study, commenting on the role of chemistry in atomic developments, points out:

"The chemical industry has a reciprocal relationship to atomic energy developments. On the one hand, extensive chemical processing is involved in the production of atomic energy. On the other hand, the chemical industry should be a major consumer of the products of atomic energy."

Over 30 companies in the investment portfolio of Chemical Fund, representing 73% of the Fund's net assets, were cited in the report as being presently engaged in one way or another in atomic energy activities.

THE NEW NON-dividend paying Keystone Fund of Canada had total net assets valued at $6,4[illegible]1,774, and 688,289 shares outstanding owned by 2,800 investors at the March 31, 1955 fiscal year-end.

Per share net asset value on March 31 was $9.36 compared with an initial value of $9.25 when the shares were first offered on Oct. 20, 1954. The initial offering period ended Jan. 20, 1955.

The Fund's purpose is long-term capital appreciation through participation in the growth of Canada and the reinvestment of earnings under a very favorable tax basis.

SALES OF new shares of the George Putnam Fund of Boston during May were the highest for any month in its history. New sales totaled $1,900,000, an increase of more than 85% over May sales a year ago.

Sales for the first five months of 1955 were approximately 10% higher than in the same period of 1954, according to George Putnam, chairman of the trustees.

Total net assets of the fund were $111,000,000 on May 31, 1955 compared with $82,000,000 on the same date last year.

Commenting on the record sales, Mr. Putnam said, "increased purchases of shares in a balanced investment portfolio seem to us to indicate a more conservative attitude on the part of investors in recent months."

GROSS SALES of Wellington Fund shares in May broke all previous sales records for that month.

Gross sales for the month amounted to $4,750,000, a 10.2% increase over May, 1954. Gross sales of $26,723,000 for the first five months of 1955 also established a new record. Wellington's total net assets at the close of the five months' period were $439,114,635.

TOTAL SALES of the shares of Group Securities, during the first half of its 1955 fiscal year ended May 31 totalled $15,145,816, a gain of 131% over the corresponding 1954 period.

Net assets at May 31 totalled $89,969,029, up 45% from the $62,007,281 of a year ago. Shareholders increased 25% to 34,000 during the same period.

Shareholders, in a company message, were reminded that "the advance in market levels which has occurred in recent years makes it perhaps important to recall that price rise is but one benefit of sound investing."

While pointing out that "the American economy is enjoying the most robust health in several decades, and within the next 10 years will advance to an even higher plateau of prosperity" the message suggests that "to seek only price advance at all times is to speculate on the improbable, whereas to look towards the combination of long-term growth plus a satisfactory income return is to increase one's chances for overall investment satisfaction with greater peace of mind."

GROSS SALES of the newly organized Science & Nuclear Fund in May—its first month of operation—amounted to $337,110. The new mutual fund began business on April 28 last and emphasizes investments in the nuclear field under its investment policy.

DELAWARE Fund reports it has continued a gradual rearrangement of its investment list, looking in general toward the more solid and "recession resistant" securities. In this process it has lightened up on some of the lower-yielding utility stocks (including the elimination of our long-term holding of Southern Company) in favor of an increase in what seem to be equally promising utilities, but better dividend payers.

Among these the Fund has com-

Television Fund At $100 Million

The crossing of the $100 million mark in assets by the seven-year-old Television-Electronics Fund was reported this week by Chester D. Tripp, President. Mr. Tripp said that resources of the Fund now amount to $100,300,000.

The new high mark climaxes an assets increase of more than $28 milliion since the start of the year when resources totalled $72,679,016. By way of striking contrast, Television-Electronics Fund closed its first fiscal year in 1948 with assets of but $290,399.

Mr. Tripp attributed the rapid development of the Fund into a $100 million institution to a combination of market appreciation of securities in the portfolio and the steadily-increasing realization by the investing public of the immense growth potentialities inherent in the field in which the Fund concentrates — electronics and its manifestation, nucleonics.

"More and more people," he said, "are becoming aware of this science which has set in motion a second great industrial revolution that will affect virtually every area of human activity. As a result," he continued, "more and more investors have been turning to specialized mutual funds as a medium for participating in these dynamic developments.

"In the past five months, for example," Mr. Tripp pointed out, "we have been adding new shareholders at a record rate of 2,000 a month. These shareholders are located not only throughout the United States, but in a number of foreign countries as well."

PERSONAL PROGRESS

THE ELECTION of Spurgeon Bell as a director of Futures, Inc., a commodity mutual fund, was announced today by Richard D. Donchian, President. Mr. Bell was formerly head of the Bureau of Business Research of Ohio State University, a research economist for the Brookings Institute, and was head economist for the National Resources Planning Board and subsequently for the Interstate Commerce Commission.

BERNARD GERMANN and Henry Ferren have been appointed wholesale representatives for Commonwealth Investment Company and Commonwealth Stock Fund.

Mr. Germann will maintain headquarters at 734-15th Street, N. W. in Washngton, D. C. and will work with investment dealers in Washington as well as Florida, Georgia, Maryland, Virginia, West Virginia and the Carolinas.

Mr. Ferren will join E. M. Engwis in the Chicago office, which covers Illinois, Indiana, Michigan, Iowa, Minnesota, Kansas, Kentucky, Missouri, Nebraska, and North and South Dakota.

Investors Fund Reports Assets Of $121 Million

Total net assets of Investors Stock Fund, Inc., mutual fund affiliate managed by Investors Diversified Services, Inc., rose from $87,063,059 as of Oct. 31, 1954 to $121,086,479 as of April 30, 1955, an increase of $34,023,420 for the first fiscal half year, according to the Fund's semi-annual report issued today to its 32,000 shareholders.

Net asset value per share of the Fund was $24.88 on April 30, an increase of $4.61 over the net asset value of $20.27 as of Oct. 31, 1954, the report showed. During the first six months of its current fiscal year, the Fund maintained its 1954 dividend rate of 36 cents per share, derived entirely from investment income.

At the close of the first six months, investments in equity securities of petroleum industries comprised 18.09% of the Fund's portfolio, public utilities, 15.38%; capital goods, 14.74%; chemicals, 10.84%; light manufacturing and service industries, 8%; building industries, 6.24%; electronics, 5.14%; consumers durable goods, 4.73%; consumption goods, 4.23%; transportation industries, 2.83%; banks, 2.14%; merchandising, 1.97%, and finance, 0.57%.

As of April 30, nearly 95% of the Fund's assets was invested in common stocks. Preferred stocks and bonds of the equity type brought the total investment to 98.50%. The remaining 1.50% was in cash and other assets.

Dividend Shares At New Record

The semi-annual report of Dividend Shares, Inc., one of the nation's large mutual funds managed by Calvin Bullock, shows a new record high in net assets of $179,054,699 on April 30, 1955, compared with $150,469,358 on Oct. 31, 1954.

Net asset value per share in this six months period rose from $2.12 on Oct. 31, 1954 to $2.51 on April 30, 1955.

The report, quoting from the recent economic survey by the Twentieth Century Fund in support of its forecast, states, "over the long term, the outlook for investment in the common stocks of leading business enterprises seems to be favorable.

"The substantial rise that has already occurred in the price of many stocks suggest a conservative policy at this time," he report states. "This is reflected in the reserve of government bonds and cash currently held by Dividend Shares to take advantage of intermediate market corrections."

The largest common stock holding of Dividend Shares at April 30, 1955 was International Paper, holdings of which amounted to 3.65% of total assets. Largest group holdings were in utilities, 13.85% of total net assets; Petroleum, 12.81%; and Chemicals, 8.56%.

I.D.S. Farnings Up

Net income of Investors Diversified Services, Inc. and undistributed net income of its wholly-owned subsidiaries for the first quarter of 1955 amounted to $3,052,810, or $2.10 per share, compared with $2,021,657, or $1.39 per share for the same period of 1954, according to unaudited figures released by the company.

The 1955 earnings include realized profits from investment transactions of $375,000, or 26 cents per share, compared with none in the comparable period last year.

pleted a position in New York State Electric & Gas, which it thinks somewhat undervalued, (despite its promise of growth through the St. Lawrence Waterway) possibly because of the Democratic administration in the state.

The Fund has also established a new position in Texas Gulf Sulphur, a steady and reliable earner which pays 5%, and whose business should continue at a high rate in reflection of the great activity in steel, paper, fertilizer and the many minor industries that consume sulphuric acid.

These changes, for the first time since the present bull market started in June 1949, have resulted in a small uninvested balance, the Fund states.

It is not great enough to be of major significance, nor to reveal a change to bearishness; but it is great enough to give the management some elbow-room in case there should be a temporary "shake-out" of the speculative element which has undoubtedly made its appearance in the market in the past six months, the Fund notes.

SCUDDER, STEVENS & Clark Fund, Inc. reports total net assets of $51,697,776 on May 31, 1955, equal to $35.84 per share on 1,442,553 shares outstanding on that date. This compares with total net assets of $44,293,235 a year ago, equal to $31.35 per share on 1,413,002 shares then outstanding.

SCUDDER, STEVENS & Clark Common Stock Fund, Inc. reports total net assets of $9,511,635 on May 31, 1955, compared with $6,344,769 a year ago. Per share net asset value is $21.72 on 437,996 outstanding shares, compared with $17 per share on 373,125 outstanding at that time.

On May 31, 1955 total net assets of Consolidated Investment Trust amounted to $50,500,000, a new high. Per share asset value was $49.38 compared with $37 a year earlier, an increase of 33.5%.

NEW SALES records were established by Delaware Fund in May and the first five months of 1955.

Gross sales of shares in May amounted to $889,765—the second highest sales month in the company's 17-year history. These sales were up 110% over those of $420,860 in May, 1954.

Gross sales in the first five months of 1955 totaled $3,848,5[illegible], up 111% over sales of $1,819,340 in the corresponding period last year.

SOVEREIGN Investors reporting as of May 31, 1955 shows record high figures in total net assets, number of stockholders and shares outstanding. Assets were $1,400,668.45 compared with $955,290.26 May 31, 1954, or a net gain of 47% for the period. The net asset value per share increased from $9.13 per share on May 31, 1954 to $11.80 on May 31, 1955, an increase of 30%.

THE NUMBER of shareholders in the Templeton Growth Fund of Canada, Ltd., has more than doubled in the five months since the company started operations. There were 1,060 shareholders on April 30, 1955, as compared with 493 on Dec. 1, 1954.

The Templeton Fund was designed with specific tax advantages in mind in addition to the compounding of gains and income through reinvestment. Since the Fund is a Canadian company, the stockholders have access to new offerings of securities not registered in the United States involving well-established, well-managed and rapidly expanding Canadian enterprises.

THE NET ASSETS and number of shares outstanding of Puritan Fund, Inc., a mutual fund with primary emphasis on income, reached new highs in the quarter ended April 30, 1955. On this date, net assets of the Fund totaled $9,374,254 compared with $5,825,642 on Jan. 31, 1955, an increase of 60.9%. A year ago on April 30, 1954, the net asset value was $1,342,595. The number of shares outstanding totaled 1,413,717 as of April 30, 1955, an increase of 54.2% over the Jan. 31, 1955, total of 916,616. A year ago as of April 30, 1954, there were only 262,558 shares outstanding.

Net asset value per share was $6.63 on April 30, 1955, compared with $6.36 on Jan. 31, 1955, and $5.11 on April 30, 1954. The April 30, 1955, and Jan. 31, 1955, net asset value figures are after a capital gain distribution of 20 cents per share paid on Aug. 20, 1954. On April 25, 1955, a dividend of 9 cents per share, or the same as in the previous quarter, was paid by the Fund. In the 12 months' period ended April 30, 1955, distributions from income totaled 36.3 cents per share.

NET ASSET value per share of Futures, Inc., a commodity mutual fund, rose to $3.96 per share on March 31, 1955—the first six months of the current fiscal year, and compared with $3.39 per share on Sept. 30, 1954, the close of the previous fiscal year. On March 31, 1954, net asset value per share was $2.59. Total assets of the fund increased from $101,576 on Sept. 30, 1954 to $170,332 at the end of March, while total shares outstanding went from 30,006 to 43,025.

Women's Bond Club Elects Officers

Jane Baldwin was re-elected President of the Women's Bond Club of New York for a second term. Miss Baldwin is a trust administrator at the Irving Trust Company.

The annual meeting of the Women's Bond Club was held on June 7. The other officers elected for the coming year were: Vice-President—Helen E. Dickinson of Gartley & Associates, Inc.; Secretary—Mary A. Wrenn of Merrill Lynch, Pierce, Fenner & Beane; and Treasurer—Marjorie M. Jones of White, Weld & Co.

Two With Columbia

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William D. O'Neill and Michael D. Smith have become affiliated with Columbia Securities Company, Incorporated, Equitable Building.

Joins John L. Donahue

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Earl D. Keary is now associated with John L. Donahue, 430 Sixteenth Street.

Joins Sincere & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John R. Hosty has joined the staff of Sincere and Company, 231 South La Salle St., members of the New York and Midwest Stock Exchanges.

T. J. Feibleman Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — Henry W. Fowler, Jr. has been added to the staff of T. J. Feibleman & Co., Richards Building, members of the New Orleans Stock Exchange.

With R. J. Buck Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Raymond W. Hathaway is now with Richard J. Buck & Co., Statler Office Building.

With Mutual Distributors

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Charles E. Ellis is connected with Mutual Distributors, Inc., 1016 Baltimore Avenue.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Hanson E. Ware is now with King Merritt & Company, Inc., Woodruff Building.

Zilkha Corporation

Zilkha Corporation is engaging in a securities business from offices at 120 Broadway, New York City. Ezra K. Zilkha is a principal of the firm.

Joins H. L. Robbins Staff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Bernice M. Delaney and Louis V. Robo are now associated with H. L. Robbins & Co., Inc., 40 Pearl Street. Miss Delaney was formerly with D. J. St. Germain & Co., and Hanrahan & Co.

Greater Continental Co.

WASHINGTON, D. C.—The Greater Continental Company has been formed with offices at 927 Fifteenth Street, N. W., as successor to F. W. Reinig & Co. Officers are F. W. Reinig, President, Marshall I. Stewart, Vice-President; and J. B. Reinig, Secretary-Treasurer.

Propose Wire Linking L. A. & S. F. Exchanges

SAN FRANCISCO, Calif.— William H. Agnew, Chairman of the Board of Governors of the San Francisco Stock Exchange, has announced that the governing board was submitting to the membership a proposal to install direct private wire facilities linking the trading floors of the San Francisco and Los Angeles Stock Exchanges. A similar proposal is being voted on by members of the Los Angeles Stock Exchange. The plan provides that a selected group of stocks which are "triply" traded in New York, Los Angeles, and San Francisco be made available for sale or purchase on the trading floors of either the San Francisco or Los Angeles Stock Exchange after first being offered on the Exchange in the city of origin.

Mr. Agnew said: "This action follows several months of cooperative study by special committees of both Exchanges. The governing board has unanimously recommended the proposal for a trial period of 90 days."

The Chairman of the Board stated that this wire system will: (1) give greater service by the Exchanges to public investors and listed corporations; (2) that a greater proportion of orders originating in California and the West Coast will be executed in California, thereby strengthening the position of member firms; and (3) closer markets should be developed in securities that are triply traded with increased volume on the West Coast Stock Exchanges. Members have until June 13 to submit their vote on this proposition.

New Reynolds Branch

ATLANTIC CITY, N. J.—Reynolds & Co., members of the New York Stock Exchange have opened a new branch office on the Boardwalk at Tennessee Avenue, under the management of Mr. Harold R. Tyson. C. T. Bilyea, Jr. will be Manager of the Stock Department.

With Southern Invest. Co.

CHARLOTTE, N. C.—Harry R. Snapp is now associated with Southern Investment Company, Johnston Building, of Charlotte, N. C., as salesman at Wilmington, N. C. and vicinity.

Elected Director

Samuel R. Milbank, General Partner of Wood, Struthers & Company, has been elected a director of Manati Sugar Company, it has been announced. Mr. Milbank is also President and Director of the Pine Street Fund and Director of American Casualty Co., of Reading, Pa., and Slick Airways.

With Harley, Haydon

(Special to THE FINANCIAL CHRONICLE)

MADISON, Wis.—Fred G. Blum is now with Harley, Hayden & Co., Inc., First National Bank Building.

Join Income Funds, Inc.

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — Wesley S. Lubee, Jr., A. G. Kochersperger, Michael Nucci, and Marjorie A. Thompson are now connected with Income Funds, Inc., 152 Temple Street.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Mrs. Barbara C. Tippin has joined the staff of Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Brainard Judd Adds

(Special to THE FINANCIAL CHRONICLE)

NEW BRITAIN, Conn.—Edward S. Bogden is now associated with Brainard-Judd & Co., 272 Main Street.

With Hincks Bros.

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Donald G. Brooks has joined the staff of Hincks Bros. & Co., Inc., 872 Main Street, members of the Midwest Stock Exchange.

Sheffield & Co. Formed In New London

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn.—Albert C. Sheffield has formed Sheffield & Company with offices at 325 State Street to engage in the securities business. Mr. Sheffield was formerly with First Investors Corporation and E. E. Mathews Co.

With Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Ralph E. Bailey, Jr. is now connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Joins Goldman, Sachs

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John R. Jansen is now affiliated with Goldman, Sachs & Co., 75 Federal St.

With Hodgdon & Company

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph E. Assaf has joined the staff of Hodgdon & Company, 10 State Street.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.— Elvezio E. Caranchini is now with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

R. W. Pressprich Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Thomas S. Hardenbergh has been added to the staff of R. W. Pressprich & Co., 75 Federal Street.

With John G. Sessler

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Evelyn R. Sessler has joined the staff of John G. Sessler & Co., 10 Post Office Square.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

All State Uranium Corp., Moab, Utah (6/15)
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York.

Allied Industrial Development Corp., Dover, Del.
April 7 (letter of notification) 300,000 shares of class A stock. **Price**—At par ($1 per share). **Proceeds**—For oil and gas activities. **Underwriter** — Paul C. Ferguson & Co., Houston, Tex.

Ambassador Hotel of New York, Inc.
May 19 filed 163,898 shares of common stock (par $1) to be offered for subscription by stockholders of record May 17, 1955, on basis of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriter**—None.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

• American Machine & Foundry Co.
May 19 filed 236,205 shares of common stock (par $7) being offered for subscription by common stockholders of record June 7, 1955 on the basis of one new share for each 10 shares held; rights to expire on June 22, 1955. **Price**—$26.75 per share. **Proceeds**—For expansion and working capital. **Underwriter** — Union Securities Corp., New York.

★ American Machine & Metals, Inc.
June 3 filed 80,000 shares of common stock (no par) to be offered from time to time on the New York Stock Exchange. **Price**—At market then prevailing. **Proceeds** To certain stockholders who are receiving such shares in exchange for stock of The Lamb Electric Co. pursuant to a reorganization plan. **Agent**—American Securities Co., New York.

American Rare Metals Corp., N. Y.
May 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds** —To repay debt and for general corporate purposes. **Underwriter**—Equity Securities Co., 11 Broadway, New York, N. Y.

• Aquafilter Corp. (6/14)
May 13 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—270 Park Ave., New York, N. Y. **Underwriter**—Vickers Brothers, New York.

★ Ariel Davis Manufacturing Co., Inc.
May 16 (letter of notification) 150,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For new equipment, improving and remodeling building and for working capital. **Office**—3687 South State St., Salt Lake City, Utah. **Underwriter**—None.

Arizona Bancorporation, Phoenix, Ariz.
April 29 filed 100,000 shares of common stock (par $10) being offered for subscription by stockholders of record May 20 on basis of one share for each three shares held; rights to expire on June 15. **Price**—$15 per share. **Proceeds**—For working capital and future general corporate purposes. **Underwriter** — None.

• Artesian Water Co., Newport, Del.
April 26 (letter of notification) 5,446 shares of class A common stock (no par) being offered first to common and class A common stockholders of record May 28 on a 1-for-3 basis; rights to expire on June 30. **Price**—$20 per share to stockholders; and $22 to public. **Proceeds**—For additions and improvements. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

• Artloom Carpet Co., Inc., Philadelphia, Pa.
May 11 filed 98,195 shares of common stock (no par) being offered for subscription by stockholders of record June 6, 1955, on the basis of one new share for each four shares held; rights to expire on June 27. Additional subscription privilege for unsubscribed shares, by stockholders and employees. **Price**—$5 per share. **Proceeds**—To reduce bank loans. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

★ Atomic Eenergy for Industry, Inc.
May 16 (letter of notification) 40,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For equipment and materials for laboratory and for working capital. **Office**—344 Hanna Bldg., Cleveland 25, Ohio. **Underwriter**—James H. Frier, Jr., same address.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

★ Avien, Inc. (6/22)
June 2 (letter of notification) 99,800 shares of class A capital stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Business**—Electronic measurement instruments and controls for aircraft. **Office**—58-15 Northern Boulevard, Woodside, L. I., N. Y. **Underwriter**—Cohu & Co., New York.

• Baltimore Gas & Electric Co.
May 19 filed 645,856 shares of common stock (no par), of which 575,856 shares are being offered for subscription by common stockholders of record June 7 on basis of one new share for each 10 shares held; rights to expire on June 22; the remaining 70,000 shares being offered to employees (excluding officers) up to and including July 6, 1955. **Price**—$30.25 per share. **Proceeds** —To repay bank loans and for construction expenditures. **Underwriter**—The First Boston Corp., New York.

★ Bankline Oil Co., San Francisco, Calif.
June 8 filed 65,000 shares of cumulative convertible preferred stock (par $25). **Price** — To be supplied by amendment. **Proceeds**—To retire indebtedness, for expansion and other corporate purposes. **Underwriter**—J. Barth & Co., San Francisco, Calif. **Meeting**—Stockholders to vote June 14 on approving financing.

★ Beaumont Factors Corp., New York
June 7 filed $1,000,000 of five-year 8% subordinated debentures due July 1, 1960. **Price**—100% of principal amount. **Proceeds**—For working capital and expansion of loan business. **Office**—325 Lafayette Street, New York 12, N. Y. **Underwriter**—None.

★ Beehive Uranium Corp., Salt Lake City, Utah
May 26 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — 156 East Third South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

• Belock Instrument Co. (6/21)
May 31 filed 200,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — College Point, L. I., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

★ Black Mammoth Consolidated Mining Co.
May 12 (letter of notification) 73,334 shares of common stock (par five cents) to be issued in exchange for oil leases in Stillwater and Yellowstone Counties, Montana, at rate of 3½ shares for each acre acquired. Kaufman & Gay, Stapleton Bldg., Millings, Mont., will act as agent for the company. **Office** — 159 Colorado Ave., Grand Junction, Colo.

★ Blue Chip Uranium Corp., Denver, Colo.
May 27 (letter of notification) 250,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining costs, etc. **Office**—Denham Building, Denver, Colo. **Underwriter**—None.

• Bogus Electric Mfg. Co. (6/20)
May 25 filed $2,000,000 of 5% convertible subordinated debentures due June 1, 1970 and 335,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To build and equip plant for Canadian subsidiary; and for working capital. **Business**—Manufactures electrical rotating equipment. **Underwriter**—Blair & Co. Incorporated, New York.

Bonnyville Oil & Refining Corp., Montreal, Can.
April 29 filed $2,000,000 5% convertible notes due July 1, 1975 to be offered for subscription by common stockholders at rate of $100 of notes for each 100 shares of stock held. **Price**—95% of principal amount to stockholders and 100% to public. **Proceeds**—For development costs and general corporate purposes. **Underwriter**—None.

• Bridgeport Hydraulic Co. (6/13)
May 11 filed 55,000 shares of common stock (par $20) to be offered first for subscription by common stockholders of record on June 8, 1955 on the basis of one new share for each eight shares held; rights to expire on June 28. **Price**—$28 per share. **Proceeds**—To repay bank loans and for property additions and improvements. **Underwriter**—Smith, Ramsay & Co.; Chas. W. Scranton & Co.; G. H. Walker & Co.; Hincks Bros. & Co., Inc.; and T. L. Watson & Co., all of Bridgeport, Conn.

Brown Co., Berlin, N. H.
March 17 filed $14,217,100 of debentures due May 15, 1975, and 142,171 shares of common stock (par $1) being offered for subscription by holders of "called" $5 cumulative convertible first preference stock who have not surrendered their shares for redemption or conversion into common stock. These holders may subscribe for $100 of debentures and one share of common stock for each $5 preference share held. **Price** — $100 per unit. **Proceeds**—For redemption of $5 preference stock. **Underwriter**—None. Statement effective May 18.

Cal-U-Mines, Inc., Reno, Nev.
May 2 (letter of notification) 2,250,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** —For mining expenses. **Office**—139 Virginia St., Reno, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

Capitol Reef Uranium Corp., Reno, Nev.
May 18 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—First National Bank Bldg., Reno, Nev. **Underwriter**—Franklin, Meyer & Bartlett, New York.

Carbon Uranium Co. (Utah)
April 27 (letter of notification) 746,280 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining costs. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

★ Century Natural Gas & Oil Corp.
May 31 (letter of notification) 546,500 shares of common stock. **Price**—5.76 cents per share. **Proceeds**—To certain selling stockholders. **Underwriter**—Greenfield & Co., Inc., New York.

Chieftain Uranium Mines, Inc.
April 22 (letter of notification) 4,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds** —For mining operations. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

★ Clausin (S. H.) & Co., Minneapolis, Minn.
May 16 (letter of notification) 2,250 shares of 5% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—41 North 12th St., Minneapolis, Minn. **Underwriter**—None.

• Coffee Time Products of America, Inc.
May 9 (letter of notification) 165,500 shares of class A common stock (par $1), being offered in exchange for stock of American Dry Ginger Ale Co., Inc., on basis of one share of Coffee Time stock for each American Dry share. The offer will expire on June 20. **Office** — 47 Lemartine St., Boston, Mass. **Underwriter**—None.

• Colohoma Uranium, Inc., Montrose, Colo. (7/5)
April 21 filed 2,960,000 shares of common stock (par one cent), of which 2,500,000 shares are to be offered publicly. **Price**—50 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

• Colorado Sports Racing Association (6/15)
April 29 filed 600,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Colzona Oil & Uranium Corp., Denver, Colo.
April 29 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1300 Larimer St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

★ Commercial Process, Inc., Philadelphia, Pa.
May 12 (letter of notification) 1,000 shares of common stock (par $10). **Price**—$120 per share. **Proceeds**—To make loans and for working capital. **Office**—1220 Lewis Tower Bldg., Philadelphia 2, Pa. **Underwriter**—None.

Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

Conjecture Mines, Inc., Coeur d'Alene, Idaho
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

★ Consolidated Cigar Corp., New York (6/27-30)
June 3 filed $17,500,000 of 20-year sinking fund debentures due June 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding long-term indebtedness and short-term bank loans and for working capital. **Underwriter**—Eastman, Dillon & Co., New York.

Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds** —From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

• Consolidated Natural Gas Co.
April 27 filed 738,721 additional shares of capital stock (par $10) being offered for subscription by stockholders of record June 2, 1955 at rate of one new share for each 10 shares held; rights to expire on June 21. **Price**—$31 per share. **Proceeds**—To repay bank loans and to purchase securities from or make loans to company's subsidiaries for use for the their construction programs. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter** —Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

★ Cortez Uranium & Mining Co., Denver, Colo.
May 27 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—404 University Building, Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

★ Coso Uranium, Inc., Long Beach, Calif.
May 31 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—2485—American Ave., Long Beach 6, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., San Francisco and Los Angeles, Calif.

• Cosmopolitan Life Insurance Co. of Memphis, Tenn. (6/13-14)
May 16 filed 162,080 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds** — For selling stockholders. **Business** — Sells industrial and ordinary life insurance and accident insurance in State of Tennessee. **Underwriter**—Allen & Co., New York.

★ Crossett Co., Crossett, Ark.
May 17 (letter of notification) not in excess of $300,000 aggregate market value of class A and class B stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Blyth & Co., Inc., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

• Cuba (Republic of)
April 29 filed $2,500,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—Expected as 99% of principal amount. **Proceeds**—To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York. **Offering**—Expected this week.

Dalmid Oil & Uranium, Inc.
May 9 (letter of notification) 2,999,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1730 N. Seventh St., Grand Junction 2, Colo. **Underwriter** — Columbia Securities Co., Inc., Denver, Colo.

★ Deep Rock Water Co., West Palm Beach, Fla.
May 23 (letter of notification) 150,000 shares of class A common stock. **Price**—$1.25 per share. **Proceeds**—To acquire Grapette Bottling Co. and for working capital. **Underwriter**—Anderson Cook Co., Inc., Palm Beach, Fla.

★ Den Rado Products, Inc., Littleton, Colo.
May 11 (letter of notification) 25,000 shares of cumulative convertible preferred stock (no par) and 50,000 shares of common stock (par $1) to be offered in units of one preferred and two common shares. **Price**—$10 per unit. **Proceeds**—For plant and equipment and working capital. **Office** — 4002 South Clay St., Littleton, Colo. **Underwriter**—None.

Desert Sun Uranium Co., Inc.
April 18 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office** — 343 South State St., Salt Lake City, Utah. **Underwriter** — J. W. Hicks & Co., Inc., Denver, Colo.

Douglas Aircraft Co., Inc.
May 26 filed 138,210 shares of capital stock (no par), of which 84,600 shares are issuable upon exercise of certain options issued under the company's Restricted Stock Option Plan for key employees. The remaining 53,610 shares are owned by four officers and directors of the company and may be offered by them from time to time on the New York Stock Exchange or through special offerings.

★ Duncan Mining Co., St. Louis, Mo.
May 16 (letter of notification) $243,000 of 10-year 5% stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Office**—720 Buder Bldg., St. Louis, Mo. **Underwriter**—None.

Duraloy Co., Scottdale, Pa.
May 10 filed 60,000 shares of common stock (par $1). **Price** — At prevailing market price at time of public offering. **Proceeds**—For plant modernization and improvement program. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, who will acquire the stock at $4 per share.

Durango Kid Uranium Corp., Moab, Utah
April 1 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Guss & Mednick, Arches Building, Moab, Utah.

• Duriron Co., Inc., Dayton, Ohio (6/21)
June 1 filed $1,500,000 of subordinated debentures due June 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury in connection with redemption of 5% cumulative preferred stock (par $25); to repay bank loan; and for additional equipment. **Underwriter**—Lee Higginson Corp., New York.

Dyno Mines, Ltd., Toronto, Canada.
March 25 filed 1,100,000 shares of common stock (par $1). **Price**—To be related to the current market price on the Toronto Stock Exchange. **Proceeds**—To American Trading Co. Ltd., the selling stockholder. **Underwriter**—R. W. Brown Ltd., Toronto, Canada, on a "best-efforts basis."

★ Economy Auto Stores, Inc., Atlanta, Ga. (6/21)
June 1 filed 120,222 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire $528,125 of 6%-8% unsecured and subordinated purchase money notes and $497,250 to retire outstanding $6 cumulative preferred stock. **Underwriter**—Courts & Co., Atlanta, Ga.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Evans Products Co. (6/15)
May 20 filed $3,500,000 of convertible subordinate debentures due May 1, 1975. **Price** — To be supplied by amendment. **Proceeds** — To retire bank loans and for expansion program. **Underwriter**—Bear, Stearns & Co., New York.

★ Falcon Uranium Co., Shereidan, Wyo.
May 26 (letter of notification) 20,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining operations. **Office**—First National Bank Bldg., Sheridan, Wyo. **Underwriter**—None.

Farmington Funding Corp., Colorado Springs, Colorado
May 17 filed 3,000,000 shares of capital stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For exploration and development expenses and working capital. **Underwriter**—French & Co., Houston, Tex.

Federal Security Insurance Co.
April 21 (letter of notification) 6,000 shares of common stock (par $10) to be offered first to stockholders on the basis of one new share for each five shares held. **Price**—$40 per share. **Proceeds**—For general corporate purposes. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Allied Underwriters Co., same address.

Federated Uranium Corp.
March 14 (letter of notification) 3,000,000 shares of common stock (par one cents). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—122 West Second South Street, Salt Lake City, Utah. **Underwriter**—I. J. Schenin Co., New York.

Fidelity Insurance Co., Mullins, S. C.
March 25 (letter of notification) 86,666 shares of common stock (par $1). **Price**—$1.87½ per share. **Proceeds**—To increase capital and surplus. **Underwriters**—McDaniel Lewis & Co., Greensboro, N. C.; Dietenhofer & Heartfeld, Southern Pines, N. C.; and Calhoun & Co., Spartanburg, S. C.

Fifteen Oil Co. (6/14-15)
May 25 filed 200,000 shares of common stock (par $1) of which 175,000 shares are to be sold for account of company and 25,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expenses incident to oil activities. **Underwriters**—White, Weld & Co., New York, and Rotan, Mosle, Inc., Galveston, Tex.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

★ Freedom Insurance Co., Berkeley, Calif.
June 6 filed 1,000,000 shares of common stock (par $10). **Price**—$22 per share. **Proceeds**—For capital and surplus. **Business**—All insurance coverages, except, life, title and mortgage. **Office**—2054 University Avenue, Berkeley, Calif., c/o Ray B. Wiser, President. **Underwriter**—Any

Continued on page 50

NEW ISSUE CALENDAR

June 10 (Friday)

Kansas City Power & Light Co.______Common
(Offering to stockholders—underwritten by The First Boston Corp. and Blyth & Co., Inc.) 245,000 shares

June 13 (Monday)

Bridgeport Hydraulic Co.______Common
Offering to stockholders—underwritten by Smith, Ramsay & Co.; Chas. W. Scranton & Co.; G. H. Walker & Co.; Hincks Bros. & Co., Inc. and T. L. Watson & Co.) 55,000 shares

Cosmopolitan Life Insurance Co. of Memphis, Tenn.______Common
(Allen & Co.) 162,080 shares

June 14 (Tuesday)

Aquafilter Corp.______Common
(Vickers Brothers) $300,000

Fifteen Oil Co.______Common
(White, Weld & Co. and Rotan, Mosle, Inc.) 200,000 shares

Mueller Brass Co.______Debentures
(Lehman Brothers) $5,000,000

Silver Creek Precision Corp.______Debentures
(General Investing Corp.) $600,000

Standard Electrical Products Co.______Common
(S. D. Fuller & Co. and Vermilye Brothers) $299,000

Western Nebraska Oil & Uranium Co., Inc.___Com.
(Israel & Co.) $300,000

June 15 (Wednesday)

All State Uranium Corp. (Utah)______Common
(General Investing Corp.) $300,000

Chicago, Burlington & Quincy RR.__Equip. Tr. Ctfs.
(Bids noon CDT) $8,700,000

Colorado Sports Racing Association______Common
(General Investing Corp.) $600,000

Evans Products Co.______Debentures
(Bear, Stearns & Co.) $3,500,000

Hackensack Water Co.______Debentures
(Bids 11 a.m. EDT) $8,000,000

New Haven Water Co.______Common
(Offering to stockholders—no underwriting) $2,040,000

Tennessee Gas Transmission Co.______Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) $20,000,000

Warner-Lambert Pharmaceutical Co.______Common
(Morgan Stanley & Co.) 325,000 shares

June 16 (Thursday)

Pioneer Finance Co.______Preferred
(Watling, Lerchen & Co. and Mullaney, Wells & Co.) $500,000

Pioneer Natural Gas Co.______Common
(Union Securities Corp.) 776,066 shares

(June 20 (Monday)

Bogue Electric Mfg. Co.______Debentures
(Blair & Co. Incorporated) $2,000,000

Bogue Electric Mfg. Co.______Common
(Blair & Co. Incorporated) 335,000 shares

Erie RR.______Equip. Trust Ctfs.
(Bids noon EDT) $3,270,000

Jerrold Electronics Corp.______Debentures
(Van Alstyne, Noel & Co. and Butcher & Sherrerd) $2,750,000

Jerrold Electronics Corp.______Common
(Van Alstyne, Noel & Co. and Butcher & Sherrerd) $800,000

Pyramid Electric Co.______Preferred
(S. D. Fuller & Co.) $750,000

Pyramid Electric Co.______Common
(S. D. Fuller & Co.) 50,000 shares

Stewart Oil & Gas Co.______Common
(Barrett Herrick & Co., Inc.) $750,000

Tekoil Corp.______Common
Eppler, Guerin & Turner 280,000 shares

June 21 (Tuesday)

Belock Instrument Co.______Common
(Carl M. Loeb, Rhoades & Co.) 200,000 shares

Duriron Co., Inc.______Debentures
(Lee Higginson Corp.) $1,500,000

Economy Auto Stores, Inc.______Common
(Courts & Co.) 120,222 shares

Oklahoma Gas & Electric Co.______Bonds
(Bids 11 a.m. EDT) $15,000,000

Southern New England Telephone Co.____Debens.
(Bids noon EDT) $20,000,000

Vanadium Queen Uranium Corp.______Common
(Van Alstyne, Noel & Co.) $2,112,500

June 22 (Wednesday)

Avien, Inc.______Class A
(Cohu & Co.) $299,400

International Hardware Mfg. Co., Inc. Debentures & Common
(Milton D. Blauner & Co., Inc.; Hallowell, Sulzberger & Co.; and Baruch Brothers & Co., Inc.) $1,500,000 debentures and 215,000 shares of stock

Wooster Rubber Co.______Common
(Hulme, Applegate & Humphrey, Inc.; Stroud & Co., Inc.; and The Ohio Company) 169,200 shares

June 23 (Thursday)

Ionics, Inc.______Common
(Lee Higginson Corp.) 150,000 shares

June 24 (Friday)

Hertz Corp.______Debentures
(Offering to stockholders—underwritten by Lehman Brothers and Hornblower & Weeks) $5,058,300

June 27 (Monday)

Consolidated Cigar Corp.______Debentures
(Eastman, Dillon & Co.) $17,500,000

June 29 (Wednesday)

Merritt-Chapman & Scott Corp.______Debentures
(A. C. Allyn & Co. Inc.) $25,000,000

Mountain Fuel Supply Co.______Common
(Offering to stockholders—underwritten by The First Boston Corp.) 198,990 shares

July 1 (Friday)

Long Island Lighting Co.______Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.) 624,170 shares

July 5 (Tuesday)

Colohoma Uranium, Inc.______Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

July 8 (Friday)

Primary Metals Corp.______Common
(General Investing Corp.) $700,000

July 12 (Tuesday)

Illinois Bell Telephone Co.______Bonds
(Bids to be invited) $30,000,000

July 20 (Wednesday)

Consumers Power Co.______Common
(Offering to stockholders—bids 11 a.m. EDT) 373,689 shares

July 21 (Thursday)

Consumers Power Co.______Preferred
(Morgan Stanley & Co.) 100,000 shares

September 13 (Tuesday)

Utah Power & Light Co.______Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co.______Common
(Bids to be invited) 177,500 shares

November 9 (Wednesday)

Southern Co.______Common
(Bids to be invited) 500,000 shares

Continued from page 49

underwriting agreement will be made on behalf of this company by Uni-Insurance Service Corp.

Fremont Uranium Corp., Denver, Colo.
April 22 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For mining expenses. **Office**—235 Ivy St., Denver, Colo. **Underwriter**—L. A. Huey Co., same city.

● Friden Calculating Machine Co., Inc.
May 18 filed 108,400 shares of capital stock (par $1). **Price**—Expected at $25 per share. **Proceeds**—To selling stockholders. **Office** — San Leandro, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. **Offering**—Expected today (June 9).

★ General Acceptance Corp., Allentown, Pa.
June 7 filed $6,000,000 of 5% subordinated debentures due June 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To redeem 15-year 5% convertible subordinated debentures due 1967; balance to general working funds of company and subsidiaries. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass., and New York, N. Y.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1) **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

Great Atlantic Life Insurance Co.
May 18 filed 108,000 shares of common class A non-voting stock (par $1.50) to be offered for subscription by holders of State Fire & Casualty Co. class A non-voting common stock and class B voting common stock on basis of one share of Great Atlantic for each three shares of State held as of record on or about June 7; rights to expire on or about June 21. **Price**—$3 per share. **Proceeds**—To increase capital and paid-in surplus. **Office**—Miami, Fla.—**Underwriter**—None.

Gulf Uranium & Development Corp., Gallup, N. M.
April 4 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—First State Bank Bldg., Gallup, N. M.—Underwriter—Coombs & Co., of Ogden, Utah.

Hackensack Water Co., Weehawken, N. J. (6/15)
May 18 filed $8,000,000 sinking fund debentures due June 1, 1985. **Proceeds**—To refund 2¼% notes due Aug. 1, 1955, purchase securities of Spring Valley Water Works & Supply Co., a subsidiary, and the balance for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Dillon, Read & Co. Inc.; White, Weld & Co.; Drexel & Co. and Central Republic Co. Inc. (jointly); Kuhn, Loeb & Co. and W. C. Langley & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on June 15 at 15 Broad Street, New York, N. Y.

● Hartford Gas Co., Hartford, Conn.
May 10 filed $1,500,000 of 3¼% 10-year convertible debentures due July 1, 1965, being offered first to preferred and common stockholders of record May 6 at rate of $25 principal amount of debentures for each three shares of stock held; rights to expire on July 1. **Price**—At par. **Proceeds**—To repay bank loans and for additions and improvements. **Underwriter**—None.

Hartford Special Machinery Co.
May 2 (letter of notification) 8,140 shares of common stock being offered for subscription by common stockholders of record May 24 on a 1-for-5 basis; rights to expire on June 21. **Price**—At par ($20 per share). **Proceeds**—For working capital to finance carrying of increased inventories. **Office**—287 Homestead Ave., Hartford, Conn. **Underwriters**—None.

Hawk Lake Uranium Corp.
April 12 filed 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For mining expenses, etc. **Underwriter**—Dobbs & Co., New York City, will act as agents.

● Helio Aircraft Corp., Canton, Mass.
March 31 (letter of notification) 48,000 shares of common stock. **Price**—$6.25 per share. **Proceeds**—To pay off obligations, for working capital, etc. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—None. To be handled on a private basis.

★ Hertz Corp., Chicago, Ill. (6/24)
June 3 filed $5,058,300 convertible subordinated debentures due July 1, 1970 to be offered for subscription by stockholders on basis of $100 of debentures for each 15 shares held. **Price**—To be supplied by amendment. **Proceeds** — For working capital for expanded operations. **Business**—Automobile rental and truck leasing. **Underwriters** — Lehman Brothers and Hornblower & Weeks, both of New York.

★ Holmes (D. H.), Ltd., New Orleans, La.
May 20 (letter of notification) 7,228 shares of common stock (par $20) to be first offered for subscription by stockholders of record about June 7; rights to expire on June 24. **Price**—$38.50 per share. **Proceeds**—To acquire The Dalton Co. of Baton Rouge, La., and for general corporate purposes. **Underwriters** — Arnold & Crane; Nusloch, Baudean & Smith; Scharff & Jones, Inc.; and Howard, Weil, Labouisse, Friedrichs & Co.; all of New Orleans, La.

Home-Stake Production Co., Tulsa, Okla.
May 12 filed 60,000 shares of capital stock (par $5) and 1,000 debentures (par $100) to be offered for sale in units of 60 shares of stock and one $100 debenture, or multiples thereof. **Price**—$400 per unit. **Proceeds**—For working capital. **Underwriter**—None. O. Strother Simpson, of Tulsa, Okla., is President.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. **Price**—$1 per share. **Proceeds**—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. **Underwriter**—None.

Humble Sulphur Co., Houston, Texas
April 25 filed 500,000 shares of common stock (par 1¢). **Price**—$1.20 per share. **Proceeds**—For exploration for sulphur and related activities. **Underwriter**—Garrett & Co., Dallas, Texas.

★ (F. C.) Huyck & Sons
May 31 (letter of notification) 15,000 shares of common stock (par $5) to be offered for subscription by employees. **Price**—$18.75 per share. **Proceeds**—For general corporate purposes. **Office**—Rensselaer, N. Y. **Underwriter**—None.

★ Idaho Power Co., Boise, Idaho
June 7 filed 15,000 shares of 4% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For additions to properties. **Underwriter**—Wegener & Daly Corp., Boise, Idaho, which has agreed to purchase 3,000 shares and has an option to purchase up to 12,000 additional shares.

Illinois American Casualty Co.
May 5 filed 100,000 shares of common stock (par $2). **Price**—$5 per share. **Proceeds**—To engage in insurance business. **Office**—Champaign, Ill. **Underwriter**—None.

Illinois American Fire Insurance Co.
May 5 filed 100,000 shares of common stock (par $2). **Price**—$5 per share. **Proceeds**—To engage in insurance business. **Office**—Champaign, Ill. **Underwriter**—None.

● Illinois Bell Telephone Co.
May 17 filed 663,469 shares of capital stock being offered for subscription by stockholders of record June 3, 1955, on the basis of one new share for each six shares held; rights to expire on June 30. American Telephone & Telegraph Co., the parent, owns 99.32% of the presently outstanding stock. **Price**—At par ($100 per share). **Proceeds**—For repayment of advances from parent company. **Underwriter**—None.

Inca Uranium Corp., Salt Lake City, Utah
April 25 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1946 S. Main St., Salt Lake City, Utah. **Underwriter** — Guss & Mednick Co., Salt Lake City, and Moab, Utah.

● Industrial Hardware Mfg. Co., Inc. (6/22)
May 12 (amendment) $1,500,000 of 5% debentures due 1975 and 300,000 shares of common stock (par 50 cents), of which 85,000 shares are to be sold to Seymour and Bernard Offerman at $5 per share. **Price**—To be supplied by amendment. **Proceeds**—To purchase Hugh H. Eby Co. and Wirt Co. **Underwriters**—Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York.

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 110,000 shares of common stock (no par). **Price**—$6.50 per share. **Proceeds**—To 12 selling stockholders. **Underwriter**—Name to be supplied by amendment.

★ Ionics, Inc., Cambridge, Mass. (6/23)
June 3 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for working capital and general corporate purposes. **Underwriter**—Lee Higginson Corp., New York and Boston.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). **Price**—$10 per share. **Proceeds**—For capital expenditures. **Underwriter**—None. **Offices**—Natanya, Israel, and New York. N. Y

● Jerrold Electronics Corp. (Pa.) (6/20-24)
May 19 filed $2,750,000 of 6% convertible subordinated debentures due June 1, 1975. **Price**—100% and accrued interest. **Proceeds**—To repay $450,000 of 4% promissory notes and for general corporate purposes and working capital. **Underwriters**—Van Alstyne, Noel & Co., New York; and Butcher & Sherrerd, Philadelphia, Pa.

● Jerrold Electronics Corp. (Pa.) (6/20-24)
May 19 filed 200,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds** — For working capital and general corporate purposes. **Underwriters**—Van Alstyne, Noel & Co., New York; and Butcher & Sherrerd, Philadelphia, Pa.

Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

Kane Creek Uranium Corp.
April 1 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Address**—P. O. Box 528, Moab, Utah. **Underwriter** — Mid-America Securities, Inc. of Utah, 26 West Broadway, Salt Lake City, Utah.

Kansas City Power & Light Co. (6/10)
May 23 filed 245,000 shares of common stock (no par) to be offered for subscription by common stockholders of record June 9, 1955 on the basis of one new share for each 10 shares held; rights to expire on June 27, 1955. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

Kaye-Halbert Corp., Culver City, Calif.
April 25 (letter of notification) 284,224 shares of common stock, of which 162,414 shares are being offered first to stockholders; the remaining 121,810 shares to be covered by options which may be exercised within a year; (each purchaser of four shares to receive an option to purchase three additional shares). **Price**—At par ($1 per share). **Proceeds** — For working capital. **Office** — 3623 Eastham Drive, Culver City, Calif. **Underwriter**—None.

★ Kerr-McGee Oil Industries, Inc.
June 6 filed 450,000 shares of prior convertible preferred stock (par $25) to be offered in exchange for 150,000 shares of Deep Rock Oil Corp. common stock on a three-for-one basis. These preferred shares are part of a block of 674,880 shares owned by Deep Rock which were acquired by them on April 27, 1955. **Agents**—Gregory & Sons, Inc., and Sturo Bros. & Co., New York City, have agreed to solicit tenders.

★ Kim Manganese Co., Buena Vista, Va.
May 31 (letter of notification) 300,000 shares of class A common stock (par 10 cents) and 300,000 shares of class B common stock (par five cents) to be offered in units of one share for each class of stock. **Price**—$1 per unit. **Proceeds**—For mining expenses. **Underwriter**—None.

Knapp Uranium & Development Co.
April 21 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—2174 S. Main St., Salt Lake City, Utah. **Underwriter** — Guss & Mednick Co., same city.

La Sal Uranium Corp., Salt Lake City, Utah
May 11 (letter of notification) 2,850,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—209 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Amos C. Sudler & Co., Denver, Colo.

LeBlanc Medicine Co., Inc., Lafayette, La.
April 6 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of land, plant, warehouse, office building and equipment; and additional working capital. **Business**—Processing, packaging and merchandising of new proprietory medicine, KARY-ON. **Underwriter**—None.

★ Life and Accident Insurance Co. of Alabama
June 2 filed 750,000 shares of class B (non-voting) common stock (par $1). **Price**—$3 per share. **Proceeds**—To increase capital and surplus. **Office**—Gadsden, Ala. **Underwriter** — None, sales to be handled by Burlus Randolph Winstead, Secretary and Treasurer of the company.

Little Star Uranium Co., Inc., Casper, Wyo.
May 25 filed 5,000,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—To purchase machinery and equipment; for drilling and reconnaissance surveys; for acquisition of additional properties; and for working capital and other purposes. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—1100 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter** — Christopulos-Nichols Co., Las Vegas, Nev.

Lost Creek Oil & Uranium Co.
March 25 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—507 West Spruce St., Rawlins, Wyo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Lutah Uranium & Oil, Inc.
May 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—Suite 1003, Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—Havenor-Cayias, Inc., same city.

● M J M & M Oil Co., San Francisco, Calif.
May 10 (letter of notification) 397,849 shares of capital stock (par 10 cents) being offered for subscription by stockholders of record May 27 on basis of one new share for each eight shares held (with an oversubscription privilege); rights to expire on June 21. **Price**—50 cents per share. **Proceeds**—To repay bank loans and for working capital. **Office** — 155 Sansome St., San Francisco, Calif. **Underwriter**—None.

Magna Theatre Corp., New York
May 23 filed 122,300 shares of common stock (par five cents), 6,000 outstanding warrants for the purchase of 439,800 shares of common stock (as well as the common stock), and 6,000 outstanding units of "Oklahoma" participation certificates (each certificate entitling the holder to receive 1/6,000th of 5/12ths of Magna's percentage of profits due from the distribution of "Oklahoma." **Proceeds**—To present holders, including Kuhn, Loeb & Co.; United California Theatres, Inc.; Harris, Upham & Co.; Prudential Theatres, Inc.; Carl M. Loeb, Rhoades & Co.; Brown Brothers Harriman & Co.; and United Artists Theatre Circuit, Inc.

● Marine Midland Corp., Buffalo, N. Y.
May 17 filed 45,000 shares of common stock (par $5) to be offered in exchange for all issued and outstanding capital stock of The First National Bank of Falconer, N. Y., at rate of 30 shares of Marine stock for one of First National held of record June 1. The offer, which will expire on June 24 (subject to 60 days extension), is subject to acceptance of not less than 80% of the stock of First National.

★ Marine Midland Corp., Buffalo, N. Y.
June 2 filed 160.500 shares of common stock (par $5) to be offered in exchange for all of the issued and out-

standing capital stock of The Jamaica National Bank of New York, Jamaica, L. I., N. Y. at rate of 1.6 shares of Marine Midland stock for each share of Jamaica National stock held of record June 17. The offer is subject to acceptance of not less than 80% (80,000 shares) of the stock of Jamaica National.

Mascot Mines, Inc., Kellogg, Ida.
Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). **Price**—75 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Standard Securities Corp., Spokane, Wash.

★ McAb Corp.
June 1 (letter of notification) $150,000 of 5% convertible debentures due 1956 and 40,000 shares of class B common stock (par $1) to be offered in units of $100 of debentures and 25 shares of stock. **Price**—$125 per unit. **Proceeds**—For deposit in special account for retirement of debentures ($160,000) and for working capital. **Business**—General advertising and public relations consulting business. **Office**—41 East 50th Street, New York, N. Y. **Underwriter**—None.

McIntosh Laboratory, Inc.
May 3 (letter of notification) 1,000 shares of common stock (par $10). **Price**—$18.50 per share. **Proceeds**—For working capital. **Office**—320 Water St., Binghamton, N. Y. **Underwriter**—None.

★ McLean Securities Corp.
June 8 files 148,000 units, each to consist of one share of $3 cumulative preferred and between one-half and one share of common stock. **Price** — To be supplied by amendment. **Proceeds**—To pay off bank loan which the company recently secured in connection with its purchase of approximately 99.5% of the outstanding capital stock of the Waterman Steamship Corp. **Underwriter**—White, Weld & Co.

★ Mechanics Finance Co., Jersey City, N. J.
May 31 (letter of notification) $250,000 of 8% debenture bonds dated July 10, 1955 and due July 10, 1970, and 5,000 shares of 8% cumulative preferred stock (par $10). **Price**—At par. **Proceeds**—For working capital. **Office**—586 Newark Avenue, Jersey City, N. J. **Underwriter**—None.

Mechling (A. L.) Barge Lines, Inc., Joliet, Ill.
March 31 filed $837,252 of instalment note certificates being offered in exchange for the 3,578 shares of authorized and issued common stock of Marine Transit Co. at rate of $234 per share. The balance of $1 of a total purchase offer price of $235 per share is to be paid in cash. The exchange will be contingent upon acceptance of the offer by holders of not less than 81% of the Marine Transit shares. Statement effective May 11.

Mehadrin Plantations, Inc., New York
April 28 filed 70,000 shares of common stock (par $10). **Price**—$10.75 per share. **Proceeds**—For acquisition of additional groves and working capital and other general corporate purposes. **Business**—Production and sale of citrus fruits in State of Israel; also plans to grow subtropical fruits. **Underwriter**—None.

★ Merritt-Chapman & Scott Corp. (6/29)
June 3 filed $25,000,000 convertible subordinated debentures due July 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To refinance certain bank loans and term debt of company and its subsidiaries; and for general corporate purposes. **Underwritre**—A. C. Allyn & Co., Inc., Chicago and New York.

● Midwestern United Life Insurance Co.
May 25 filed 75,000 shares of common stock to be offered for subscription by stockholders of record June 1 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—229 West Berry St., Fort Wayne, Ind. **Underwriter**—None. Statement withdrawn.

Millsap Oil & Gas Co., Siloam Springs, Ark.
March 17 (letter of notification) 599,200 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For oil and gas activities. **Office**—518 Main St., Siloam Springs, Ark. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

Moab King, Inc.
April 4 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—210 Zions Savings Bank Building, Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

Moab Minerals, Inc., Moab, Utah
March 28 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office** — Archer Bldg., Moab, Utah. **Underwriter**—Guss & Mednick, Salt Lake City, Utah.

★ Moab Valley Uranium Co.
May 16 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—716 Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Moab Brokerage Co., same city.

Monarch Uranium Co., Salt Lake City, Utah
March 28 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., same city.

Morrell (John) & Co., Ottumwa, Iowa
March 31 (letter of notification) 16,000 shares of capital stock (no par) to be offered in exchange for a like number of shares of John J. Felin Co., Inc., plus a cash payment. **Underwriter**—None.

★ Mountain Fuel Supply Co. (6/29)
June 8 filed 198,990 shares of capital stock (par $10) to be offered for subscription by stockholders of record about June 28 on the basis of one new share for each 10 shares held; rights to expire on July 18. **Price**—To be supplied by amendment. **Proceeds**—To finance expansion program. **Underwriter** — The First Boston Corp., New York.

Mueller Brass Co. (6/14)
May 23 filed $5,000,000 of convertible subordinated debentures due June 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—For expansion. **Underwriter**—Lehman Brothers, New York.

Multi-Minerals Corp., Salt Lake City, Utah
May 5 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For payment on uranium claims and for exploration and other costs. **Underwriter**—M. Raymond & Co., Inc., New York.

★ Nassau-City Realty Co.
June 2 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To acquire mortgages on income producing properties, etc. **Office**—5 Beekman Street, New York 38, N. Y. **Underwriter**—Nassau-Shares Sales Corp., same address.

National Credit Corp., Phoenix, Ariz.
May 6 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ Network Manufacturing Corp., Bayonne, N. J.
May 31 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For new machinery, automation and working capital. **Business**—Manufactures switches for electrical and electronic use. **Office**—213 West 5th Street, Bayonne, N. J. **Underwriter**—None.

New Bristol Oils, Ltd., Toronto, Canada
April 11 filed 2,400,000 shares of common stock (par $1), of which 1,600,000 shares were issued to Newton-Conroe Oil Corp. and 800,000 shares to The Phoenix-Campbell Corp., in exchange for properties. Newton-Conroe is distributing its stock to its stockholders in a liquidation. As holder of 51% of the Newton-Conroe stock, Phoenix-Campbell will receive about 800,000 shares which it proposes to offer to the public, together with the 800,000 shares received directly from New Bristol Oils. **Price**—At market. **Proceeds**—To selling stockholder. **Underwriter**—None; the distributing stockholders having undertaken to market their holdings directly.

New Era Metals, Inc., Steamboat Springs, Colo.
April 29 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—414 Oak St., Steamboat Springs, Colo. **Underwriter** — Justice B. Detwiler, 517 Empire Bldg., 430 16th St., Denver, Colo.

New Haven Water Co. (6/15)
May 17 filed 40,000 shares of capital stock (par $50) to be offered for subscription by stockholders of record June 15, 1955 on basis of two new shares for each seven shares held. **Price**—$51 per share. **Proceeds**—To repay bank loans and for new construction. **Office** — New Haven, Conn. **Underwriter**—None.

★ New York Civic Opera Co., Inc.
June 2 (letter of notification) 40,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital. **Business**—To produce touring operatic programs. **Office**—527 Fifth Avenue, New York 17, N. Y. **Underwriter**—None.

Newmex Uranium & Development Corp.
May 2 (letter of notification) 8,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—El Rancho Hotel, Gallup, N. M. **Underwriter** — Rocky Mountain Securities, Salt Lake City, Utah.

North Penn Gas Co., Port Allegany, Pa.
April 29 filed 419,000 shares of capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To John Fox of Boston, Mass., who is the selling stockholder. **Underwriter**—To be named later (may be Eastman, Dillon & Co. and Allen & Co., both of New York).

★ North Standard Mining Co., Moab, Utah
May 13 (letter of notification) 400,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For mining operations. **Address** — P. O. Box 548, Moab, Utah. **Underwriter**—Clifford A. Greenman, 324 Beason Bldg., Salt Lake City, Utah.

Oklahoma Gas & Electric Co. (6/21)
May 23 filed $15,000,000 of first mortgage bonds due June 1, 1985. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Smith, Barney & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 21 at The Chase Manhattan Bank, 15 Broad St., New York 15, N. Y.

★ Paramount Finance Co., Inc.
May 16 (letter of notification) $243,000 of 10-year 5% subordinated debentures and 54,000 shares of common stock (par 10 cents) to be offered in units of $90 of debentures and 20 shares of stock. **Price**—$100 per unit. **Proceeds** — For working capital. **Office** — 506 Markle Bank Bldg., Hazleton, Pa. **Underwriter**—None.

★ Peabody Coal Co., Chicago, Ill.
June 6 filed 6,492,164 shares of common stock (par $5) to be offered in exchange as follows: 578,739 shares for stock of Sentry Royalty Co. on a 147-for-1 basis; 216,000 shares of stock of Power Coal Co. on an 18-for-1 basis; 3,565,000 shares for stock of Homestead Coal Co. on a 713-for-1 basis; 794,200 shares for stock of Sinclair Coal Co. on a 44-for-1 basis; 611,064 shares for stock of Key Coal Co. on a 54-for-1 basis; 546,000 shares for stock of Broken Aro Coal Co. on a 60-for-1 basis; 100,000 shares for stock of Alston Coal Co. on a 10-for-1 basis; and 81,161 shares for all of the properties of Sinclair Mines, Inc. (other than shares of any of the above seven companies owned by the Sinclair firm. The exchange offer is conditioned upon the acceptance of the offer by at least 80% of the total number of shares of each company to be acquired.

★ Pelican Uranium Corp., Salt Lake City, Utah
May 25 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 638 East 21st South, Salt Lake City, Utah. **Underwriter** — Trans-Western Brokerage Co., New Orleans, La., and Salt Lake City, Utah.

★ Penn-Central Oil Co., Kansas City, Kan.
May 16 (letter of notification) 15,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For construction of new plant and other corporate purposes. **Office**—20th and Kansas, Kansas City, Kan. **Underwriter**—None.

Penn-Dixie Cement Corp.
May 6 filed 361,282 shares of capital stock (par $1) being offered for subscription by stockholders of record May 25 on the basis of one new share for each six shares held; rights to expire on June 10. **Price**—$27.75 per share. **Proceeds** — To repay bank loans and for working capital. **Underwriter**—Dominick & Dominick, New York.

● Peoples Gas Light & Coke Co.
May 9 filed 111,836 shares of capital stock (par $100) being offered for subscription by stockholders of record June 2 at the rate of one additional share of stock for each ten shares held (with an oversubscription privilege); rights to expire on June 24. **Price**—$140 per share. **Proceeds**—To repay bank loans, acquire additional stock of Peoples Production Co. and for general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—None.

★ Pepsi-Cola General Bottlers, Inc., Chicago, Ill.
June 3 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for expansion program. **Underwriters**—Straus, Blosser & McDowell and Link, Gorman, Peck & Co., both of Chicago, Ill.

Personal Industrial Bankers, Inc., Washington, D. C.
May 23 filed 60,000 shares of $1.40 prior preferred stock ($18 stated value) and 60,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price** — To be supplied by amendment. **Proceeds**—For working capital to be used primarily to increase receivables or for the acquisition of additional assets from others, or both. **Underwriter** — Johnston, Lemon & Co., Washington, D. C.

● Pioneer Finance Co., Detroit, Mich. (6/16)
May 26 filed 50,000 shares of 5½% convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—Together with funds to be received from sale of not exceeding $400,000 of subordinated debentures, to be used for working capital. **Underwriters** — Watling, Lerchen & Co., Detroit, Mich.; and Mullaney, Wells & Co., Chicago, Ill.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1), with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None.

Pioneer Natural Gas Co., Amarillo, Texas (6/16)
May 26 filed 776,066 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds** — To certain selling stockholders. **Underwriter**—Union Securities Corp., New York.

● Primary Minerals Corp. (7/8)
May 24 filed 1,400,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition of mining equipment and other mining expenses. **Office** — San Francisco, Calif. **Underwriter** — General Investing Corp., New York.

Prudential Discount Corp., Dallas, Tex.
May 9 (letter of notification) 17,904 shares of 7% cumulative preferred stock (no par) and 17,904 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—To purchase outstanding voting common stock of General Finance Co. of Texas. **Office**—943 National City Bldg., Dallas, Texas. **Underwriter**—None.

★ Public Finance Services, Inc.
May 16 (letter of notification) $300,000 of 6% cumulative debentures, 1955 series. **Price**—At par (in denomination of $100 each). **Proceeds** — For working capital. **Office** — 18 West Chelton Ave., Philadelphia 44, Pa. **Underwriter**—None.

● Public Service Co. of Colorado
May 13 filed 303,010 shares of common stock (par $10), of which 275,464 shares are being offered for subscription by common stockholders of record June 3 on the basis of one new share for each 10 shares held; rights to expire on June 20. The remaining 27,546 shares are being offered for sale to officers and employees. **Price**—$38.50 per share. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of New York.

★ Purity Stores, Ltd., San Francisco, Calif.
June 7 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To sell-

Continued on page 52

Continued from page 51

ing stockholders. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

• Pyramid Electric Co. (6/20-24)
May 3 filed 75,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—For new facilities, equipment and machinery and working capital. **Underwriter**—S. D. Fuller & Co., New York.

• Pyramid Electric Co. (6/20-24)
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

★ R. E. & R. Discount Corp., N. Y.
June 2 (letter of notification) 20,000 shares of class A stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—360 Delaware Avenue, Buffalo, N. Y. **Underwriter**—None.

★ Rebel Oil & Uranium Co., Denver, Colo.
May 27 (letter of notification) 6,030,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—636 South Broadway, Denver, Colo. **Underwriter**—Lester Gould & Co., Inc., same city.

★ Revelation Mining Co., Glenwood Springs, Colo.
May 17 (letter of notification) 234,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—701 Grand Ave., Glenwood Springs, Colo. **Underwriter**—None.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

★ Reynolds Uranium Corp., New York
May 16 (letter of notification) 5,000 shares of common stock (par $1). **Price** — $10 per share. **Proceeds** — To Douglas J. Luckhurst, President, and Leonard Rosin, who are the selling stockholders. **Office**—27 William St., New York, N. Y. **Underwriter**—Luckhurst & Co., Inc., same city.

Ritter Finance Co., Inc., Syncote, Pa.
Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par $50) and 40,000 shares of class B common stock (par $1) to be offered in units of one preferred share and 10 class B shares. **Price**—$75 per unit. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—None. Statement effective Mar. 31.

★ Royal Uranium Corp.
May 26 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—At market (total not to exceed $150,000). **Proceeds**—For working capital. **Office**—Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Whitney & Co., same city.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

St. Regis Paper Co.
May 12 filed 369,999 shares of common stock (par $5) being offered in exchange for common stock of Pollock Paper Co., on the basis of 8.8095 shares of St. Regis stock for one share of Pollock stock of which 42,000 shares are outstanding. This offer, which is subject to deposit of 80% of Pollock stock, will expire on June 13.

★ Santa Fe Uranium & Oil Co., Inc.
May 26 (letter of notification) 2,959,500 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining operations. **Office**—416 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Saxon Uranium Mines Ltd., Toronto, Canada
April 29 filed 1,500,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For exploration and working capital; also to repay advances and other liabilities. **Underwriter** — Degaetano Securities Corp., New York.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Sightmaster Corp., New Rochelle, N. Y.
April 19 (letter of notification) 165,000 shares of common stock (par five cents). **Price**—At market (about 30 cents per share). **Proceeds** — To Michael L. Kaplan, President and Treasurer. **Business**—Electronic products. **Underwriter**—None.

• Silver Creek Precision Corp. (6/14)
March 31 filed $600,000 of 10-year convertible 6% debentures due June 30, 1965. **Price**—At 100% of principal amount (in denominations of $100 each). **Proceeds**—For working capital and general corporate purposes. **Office**—Silver Creek, N. Y. **Underwriter**—General Investing Corp., New York.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter**—Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southeastern Public Service Co.
May 20 filed 100,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders of record June 8 on the basis of one new share for each eight shares held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including investments in subsidiaries. **Underwriter** — Bioren & Co., Philadelphia, Pa.

Southern California Edison Co.
April 19 filed a maximum of $40,950,600 of convertible debentures due July 15, 1970, being offered for subscription by holders of original preferred and common stock on the basis of $5 of debentures for each share of stock held as of record May 17, 1955; rights to expire on June 14. **Price**—At principal amount. **Proceeds**—To retire short term bank loans and for new construction. **Underwriter**—None.

Southern New England Telephone Co. (6/21)
May 26 filed $20,000,000 of 34-year debentures due June 1, 1989. **Proceeds** — To repay some $12,800,000 of advances from American Telephone & Telegraph Co. and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co. **Bids**—To be received up to noon (EDT) on June 21 at Room 2315, 195 Broadway, New York, N. Y.

★ Southwestern Petroleum Corp.
May 13 (letter of notification) 59,999 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For expenses and working capital. **Address**—c/o G & T Drilling Co., P. O. Box 67, Muenster, Tex. **Underwriter**—None.

Sovereign Uranium Gas & Oil Co.
May 13 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriter**—Daggett Securities, Inc., Newark, N. J.

Stancan Uranium Corp., Toronto, Canada
April 18 filed 200,000 shares of cumulative convertible preferred stock, series A (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York.

• Standard Electrical Products Co. (6/14)
May 23 (letter of notification) 149,500 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Underwriters**—S. D. Fuller & Co. and Vermilye Brothers, both of New York.

Standard Mercury Corp., Winnemucca, Nev.
April 25 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price** — 20 cents per share. **Proceeds**—For general corporate purposes. **Office**—Suite 7, Professional Bldg., Winnemucca, Nev. **Underwriter**—E. I. Shelley Co., Denver, Colo.

★ Star Uranium Co., Watertown, S. Dak.
May 16 (letter of notification) 300 shares of capital stock. **Price**—Par ($100 per share). **Proceeds**—For mining expenses. **Underwriter**—Maurice Spolum, Watertown, S. D.

• Stewart Oil & Gas Co. (6/20-24)
March 14 filed 750,000 shares of common stock (par 10¢). Price—$1 per share. Proceeds—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. Office — San Angelo, Texas. Underwriter—Barrett Herrick & Co., Inc., New York.

• Stylon Corp., Milford, Mass.
May 10 filed 390,000 shares of common stock (par $1) being offered in exchange for $1,950,000 of City of Florence, Ala., first mortgage industrial development revenue fund bonds. **Underwriter**—None.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. **Price**—$10 per unit. **Proceeds**—To purchase property; for construction of hotel; and for working capital. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

Tekoil Corp., Robinson, Ill. (6/20-24)
May 31 filed 280,000 shares of common stock (par $1). **Price**—To be supplied by amendement. **Proceeds**—To retire liabilities assumed in connection with acquisition of present properties; to retire short-term bank loan; for payment on properties acquired from G. S. Hammonds; and for general corporate purposes. **Underwriter**—Eppler, Guerin & Turner, Dallas, Texas.

Tennessee Gas Transmission Co. (6/15)
May 26 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To redeem outstanding 100,000 shares of 5.85% preferred stock, to repay bank loans and for expansion program. **Underwriters**—Stone & Webster Securities Corp., and White, Weld & Co.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceeds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter—Emerson Cook Co., Palm Beach, Fla.

★ Therm-O-Disc, Inc., Mansfield, Ohio
June 7 filed 89,600 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — McDonald & Co., Cleveland, Ohio.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1122 Mile High Center, Denver 2, Colo. **Underwriter**—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

★ Transcontinental Gas Pipe Line Corp.
June 1 filed $2,625,000 of Participations in the Thrift Plan for Employees of this corporation, together with 91,305 shares of common stock (par 50 cents), 50,000 shares of $2.55 cumulative preferred stock ($50 stated value per share) and 26,250 shares of $4.50 cumulative preferred stock ($100 stated value per share). **Proceeds**—To purchase shares necessary for operation of plan. No proceeds to company.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

★ Trusteed Funds, Inc., Boston, Mass.
June 2 filed (by amendment) 700 additional Commonwealth Fund Indentures of Trust Plan C and 700,000 Theoretical Units, and $100,000 in Plan C payments and 100,000 Theoretical Units.

Turner Uranium Corp.
April 1 (letter of notification) 2,000,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 130 Social Hall Avenue, Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

U-Neva Uranium Corp., Salt Lake City, Utah
April 29 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (par two cents). **Proceeds**—For mining expenses. **Office**—954 East First South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. Price—$400 per unit. Proceeds—For purchase of property, construction of hotel, athletic and health facilities, and working capital. Underwriter—None, but sales will be made through agents.

Union Uranium Co., Denver, Colo.
March 2 (letter of notification) 10,650,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office** — 230 East 19th Ave., Denver, Colo. **Underwriter**—J. W. Hicks & Co., same city.

United Gas Corp.
May 17 filed 525,036 shares of common stock (par $10) to be offered by Electric Bond & Share Co. for subscription by its common stockholders of record about June 8 on the basis of one new share of United Gas stock for each 10 shares of Bond and Share stock held; rights to expire on July 1. **Price** — To be named later. **Proceeds**—To Electric Bond & Share Co., who is the selling stockholder. **Underwriter**—None.

★ United Telephone Co. of Pennsylvania
June 7 filed 15,000 shares of 4½% cumulative preferred stock, series A (par $100). **Price**—To be supplied by amendment. **Proceeds**—Together with proceeds from issuance of 20,000 shares of common stock to United Utilities, Inc., its parent, to be used for payment of bank loans and advances owing to parent; and for general corporate purposes. **Office**—Harrisburg, Pa. **Underwriter**—Kidder, Peabody & Co., New York.

Uranium & Minerals, Inc., Winnemucca, Nev.
May 11 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Professional Bldg., Winnemucca, Nev. **Underwriter** — Stocks, Inc., Las Vegas, Nev.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

★ **Vactron Corp.**
May 13 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To manufacture, process, rebulid and market television pictures tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

● **Vanadium Queen Uranium Corp. (6/21)**
April 18 filed 845,000 shares of capital stock (par 10 cents), of which 70,000 shares are for the account of selling stockholders and 775,000 shares for the company's account. **Price**—$2.50 per share. **Proceeds** — To repay notes and for exploration and development expenses. **Office** — Grand Junction, Colo. **Underwrtier**—Van Alstyne, Noel & Co., New York.

★ **Vipont Mining Co., Cheyenne, Wyo.**
May 27 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—Room 527, Hynds Building, Cheyenne, Wyo. **Underwriter**—None.

Warner-Lambert Pharmaceutical Co. (6/15)
May 26 filed 325,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To International Drug Products, Inc., now in liquidation, which presently owns 558,411 shares, or 27.3% of the outstanding stock. **Underwriter**—Morgan Stanley & Co., New York.

★ **Washington Natural Gas Co.**
May 24 (letter of notification) 238,632 shares of common stock (par one cent), of which 192,011 shares are for account of company and 46,621 shares for account of selling stockholder. **Price**—$1.25 per share. **Proceeds**—To retire indebtedness and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York. **Offering**—Expected in two or three weeks.

Western Development Co. of Delaware
March 14 (letter of notification) 18,773 shares of capital stock (par $1) being offered in exchange for 124,165 shares of class A and class B capital stock of Excalibur Uranium Corp. on basis of one Western share for each 6.6 shares of Excalibur stock held; offer to expire on June 15. **Address**—65 Sena Plaza, or P. O. Box 1201, Santa Fe, N. Mex. **Underwriter**—None.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

● **Western Nebraska Oil & Uranium Co., Inc. (6/14)**
April 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development costs and working capital. **Office**—924 Broadway, Denver, Colo. **Underwriter**—Israel & Co., New York.

★ **Wicker-Baldwin Uranium Mining Co.**
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

W & M Oil Co., Lincoln, Neb.
Feb. 25 (letter of notification)225,000 shares of common stock (par $1). **Price**—$1.30 per share. **Proceeds**—For oil and mining activities. **Office**—116 S. 15th St., Lincoln, Neb. **Underwriter** — None. J. Keith Walker is President.

★ **Wooster Rubber Co. (6/22-23)**
June 2 filed 169,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To eight selling stockholders. **Underwriters**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.; Stroud & Co., Inc., Philadelphia, Pa.; and The Ohio Company, Columbus, Ohio.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—429 Ness Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, Las Vegas, Nev.

Wyoming Uranium Corp., Salt Lake City, Utah
April 22 (letter of notification) 833,333 shares of common stock (par one cent). **Price**—3½ cents per share. **Proceeds**—For mining expenses. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed & Co., Salt Lake City, Utah; and Coombs & Co., of Washington, D. C.

★ **Zinnbad, Inc., Denver, Colo.**
May 27 (letter of notification) 10,000 shares of class A common stock (no par) and 40,000 shares of class A-1 common stock (no par). **Price**—Of former, $1 per share; and of latter, 50 cents per share. **Proceeds**—For acquisition of inventory and promotion expenses. **Address**—P. O. Box 953, Denver 1, Colo. **Underwriter**—None.

Prospective Offerings

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

★ **Arkansas Power & Light Co.**
May 27 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); White, Weld & Co. **Bids**—Probably in September or October.

Blackhawk Fire & Casualty Insurance Co.
April 5 it was reported company plans to issue and sell 200,000 shares of common stock. **Price**—Expected at $5 per share. **Proceeds**—To acquire Blackhawk Mutual Insurance Co., Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co., Inc., Chicago, Ill. **Registration**—Expected late in May.

Bliss (E. W.) Co.
April 26 stockholders increased the authorized common stock (par $1) from 1,000,000 shares to 1,500,000 shares. **Underwriter**—Previous financing was handled by Allen & Co., New York.

Cavendish Uranium Mines Corp.
April 19 it was announced company plans issue and sale of a debenture issue of several million dollars. **Proceeds**—For a concentrating mill, mining equipment and for underground development. **Underwriter**—James Anthony Securities Corp., New York.

Charmin Paper Mills, Inc., Green Bay, Wis.
May 23 it was announced company plans to issue and sell publicly $5,000,000 convertible debentures. **Proceeds** — For expansion program. **Underwriter** — Robert W. Baird & Co., Milwaukee, Wis. **Meeting** — Stockholders on June 22 will vote on the new financing and on splitting up the common stock on a 2-for-1 basis.

Chicago, Burlington & Quincy RR. (6/15)
Bids will be received by company up to noon (CDT) on June 15 for purchase from it of $8,700,000 equipment trust certificates to be dated July 5, 1955, and to mature semi-annually to and including July 5, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago, Milwaukee, St. Paul & Pacific RR.
May 10 it was announced stockholders will vote July 13 on approving the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for outstanding preferred stock, series A, about Aug. 1 on a par for par basis; offer to expire on Sept. 1, 1955.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Edison Co. of New York, Inc.
May 23 it was reported company is expected to do some financing in the Fall, the form and amount to be determined later. **Underwriter**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Uranium Mines, Inc.
July 23, 1954, stockholders authorized issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

● **Consumers Power Co. (7/21)**
May 25 company filed a petition with Michigan P. S. Commission for authority to issue and sell 100,000 shares of preferred stock (no par). **Price**—Not less favorable to the company than a $4.50 basis. **Proceeds**—For construction program. **Underwriter**—Morgan Stanley & Co. **Registration**—Expected June 24.

● **Consumers Power Co. (7/20)**
May 25, Justin R. Whiting, Chairman of the Board, announced company plans to offer to its common stockholders 373,689 additional shares of common stock (no par) on the basis of one new share for each 20 shares held about July 21; rights to expire on Aug. 5. Unsubscribed shares to be offered to employees of company and its subsidiary. **Price**—To be not less favorable to the company than $4 per share below the then current market price at the time the offering price is determined. **Proceeds** — For construction program. **Underwriter** — To be determined by competitive bidding Probable bidders: Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; Lehman Brothers. **Bids**—To be received up to 11 a.m. (EDT) on July 20. **Registration**—Expected June 24.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

★ **Erie RR. (6/20)**
Bids are expected to be received by the company on June 20 for the purchase from it of $3,270,000 equipment trust certificates to mature annually from July 15, 1956 to 1970, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co., Incorporated.

★ **Ferro Corp.**
June 3 it was announced stockholders on July 8 will vote on a proposal to issue and sell $6,000,000 of convertible subordinated debentures. **Proceeds**—To retire approximately $5,000,000 of long-term debt and for general corporate purposes. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Expected about the middle of July.

First National Bank of Fort Worth, Texas
May 16 it was announced Bank plans to offer to its stockholders the right to subscribe for 100,000 additional shares of capital stock (par $10) on the basis of one new share for each 5½ shares held. **Price**—$23.50 per share. **Proceeds**—To increase capital and surplus.

● **First National Bank & Trust Co., Tulsa, Okla.**
June 8 it was announced Bank is offering its stockholders of record, June 6, 1955, the right to subscribe, up to and including June 24, 1955, for 160,000 additional shares of capital stock (par $10) on the basis of two new shares for each five shares held. **Price** — $20 per share. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

Given Manufacturing Co.
May 19 it was reported company plans early registration of 87,500 shares of 6% convertible preferred stock (par $10). **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Registration**—Expected in June. **Bids**—Expected in July.

★ **Gulf Sulphur Corp.**
June 6 it was reported that the corporation may issue and sell $3,000,000 of convertible debentures.

Hammermill Paper Co.
May 10 stockholders approved a proposal on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Housatonic Public Service Corp.
May 23 it was reported company plans to offer to its stockholders approximately 18,017 shares of common stock (par $15) on a basis of one new share for each 25 shares held. **Underwriter**—None.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

Illinois Bell Telephone Co. (7/12)
May 17 it was announced company plans to issue and sell an issue of $30,000,000 first mortgage bonds. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, and for capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.: Kuhn, Loeb & Co. **Bids**—Expected to be received on July 12.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures in the next few weeks, will offer additional convertible debentures to shareholders, probably sometime in the Autumn of this year. **Office**—726 Jackson Place, N. W., Washington, C. D. **Business**—Industrial merchant bankers.

Continued on page 54

Continued from page 53

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcomb & Co., New York, is Chairman of the Board.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undetermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program **Underwriter**—To be determined by competitive bidding Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering — Expected before July 1.**

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was **recently** made to residents of Georgia only at $3 per **share. Office**—517 Stephens St., S.W., Atlanta, Ga.

Lithium Developments, Inc., Cleveland, Ohio
May 25 it was announced that company plans soon to file a letter of notification with the SEC covering a proposed issue of 600,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—George A. Searight, New York.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of about $15,000,000 first mortgage bonds, series H, due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

Long Island Lighting Co. (7/1)
May 26 it was announced company plans to offer subscription rights to its common stockholders about July 1, 1955, to subscribe to 624,170 additional shares of common stock on the basis of one new share for each ten shares held about July 1; rights to expire July 18. **Price**—To be determined immediately prior to the offering. **Proceeds** — For construction program. **Underwriters** — Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co., all of New York. An additional 33,543 shares of common stock are to be offered to employees at same time, without underwriting. **Registration**—Expected on June 10.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% **first mortgage and collateral trust bonds due 1978 Probable bidders for new bonds may include Halsey,** Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. Office—Room 717, 141 Broadway, New York 6, N. Y.

Maremont Automotive Products, Inc.
May 23 it was reported company plans early registration of $2,000,000 convertible debentures due 1970. **Underwriters** — Hallgarten & Co.; Straus, Blosser & McDowell; and McCormick & Co. (latter handling books).

Merchants National Bank of Boston
May 7 it was announced the company plans to offer to stockholders of record June 9 the right to subscribe for 50,000 additional shares of capital stock (par $10) in the ratio of one new share for each six shares held; rights to expire on June 27. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter** — The First Boston Corp., New York.

Middle States Telephone Co. of Illinois
May 19 it was reported company plans to issue and sell additional common stock. On May 11, the authorized issue was increased to 450,000 shares from 350,000 shares. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Mountain States Telephone & Telegraph Co.
May 21 it was announced that company plans to issue and sell to its stockholders additional common stock next Fall, the amount and ratio to be determined later. American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter**—None.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

★ **National Bank of Toledo**
June 9 stockholders are to vote on approving an offering to stockholders of 20,000 shares of common stock on a pro rata basis. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

National Newark & Essex Banking Co.
May 23 stockholders received right to subscribe for 28,880 additional shares of capital stock (par $25) on basis of one new share for each eight shares held on May 19; rights to expire on June 14. **Price**—$70 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Clark, Dodge & Co., New York.

● **National State Bank of Newark (N. J.)**
June 6 the Bank offered to its stockholders of record June 3 the right to subscribe on or before June 24 for 45,000 additional shares of capital stock (par $25) on the basis of one new share for each three shares held. **Price**—$91 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Clark, Dodge & Co.; Union Securities Corp.; Adams & Hinckley; Nugent & Igoe; Julius A. Rippel, Inc.; and Parker & Weissenborn, Inc.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. Underwriter—For and bonds to be determined by competitive bidding **Probable** bidders: Morgan Stanley & Co.; **Halsey, Stuart & Co. Inc**

Northern States Power Co. (Minn.)
March 29 it was announced that new capital **requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. Underwriter**—To be determined by competitive bidding. Probable bidders: **Halsey, Stuart & Co Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder,** Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.
March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. **Underwriter**—Eastman, Dillon & Co., New York.

Old Republic Insurance Co., Greensburg, Pa.
April 25, it was announced capital and surplus would soon be increased to more than $3,500,000 and name changed from Coal Operators Casualty Co., effective June 1. **Underwriter** — May be The First Boston Corp., New York.

Pacific Telephone & Telegraph Co.
May 7, it was reported that the company expects later this year to make an offering of additional stock to stockholders, following approval of a proposal to increase the authorized capital stock from 8,500,000 shares (7,215,180 shares outstanding) to 10,500,000 shares.

Pennsylvania Power & Light Co.
April 19, Charles E. Oakes, President, announced that company plans this year to issue and sell $15,000,000 of first mortgage bonds and use the proceeds for its construction program. Previous bond financing was arranged privately through Drexel & Co. and The First Boston Corp.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

St. Louis-San Francisco Ry.
May 10 stockholders approved an additional issue of up to $25,000,000 of first mortgage bonds, of which it is planned to sell initially $19,500,000 principal amount to mature in 40-years. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly).

San Diego Gas & Electric Co.
E. D. Sherwin, President, recently reported that the company will need a minimum of $11,000,000 new capital to help finance its current $20,000,000 construction program. The financing will probably take the form of a bond issue or preferred stock. **Underwriters**—(1) For preferred stock, Blyth & Co., Inc., San Francisco, Calif. (2) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). **Offering**—Expected in September.

Siboney Development & Exploration Co. (Cuba)
May 28 it was reported company plans early registration of 2,000,000 shares of common stock. **Price**—$1 per share. **Underwriters**—Gregory & Son, Inc., New York, and Dempsey-Tegeler Co., St. Louis, Mo.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly), Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southwestern States Telephone Co.
April 25 company applied to the Arkansas P. S. Commission for authority to issue and sell 40,000 shares of cumulative preferred stock (par $25). **Proceeds** — Together with funds from proposed issue (probably privately) of $2,000,000 first mortgage bonds, to be used for construction program. **Underwriter** — Central Republic Co. (Inc.), Chicago, Ill.

● **Sterling Precision Instrument Corp.**
June 6 the stockholders voted to approve an authorized issue of 500,000 shares of first preferred stock (par $10), of which 300,000 shares (to be converted into common) are to be publicly offered. **Proceeds**—For working capital. **Office**—Buffalo, N. Y.

★ **Unexcelled Chemical Corp.**
May 25 stockholders approved creation of 100,000 shares of 5% non-voting preferred stock (par $25) and increased authorized common stock from 500,000 shares to 1,000,000 shares.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. Proceeds—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; **Blyth & Co., Inc. and Union Securities Corp. (jointly);** The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

United Aircraft Corp.
April 26 stockholders approved a new issue of 500,000 shares of preference stock (par $100). **Proceeds**—To redeem present 5% cumulative preferred stock (233,500 shares outstanding), and for working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1985. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids** — To be received Sept. 13.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans public sale of 177,500 shares of common stock. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received on Sept. 13.

Westcoast Transmission Co., Ltd.
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in July.

Western Light & Telephone Co., Inc.
May 2 it was reported company plans to issue and sell about $2,500,000 first mortgage bonds, series H, due 1984. **Underwriter**—May be Dean Witter & Co.

Western Union Telegraph Co.
March 15 it was announced that consideration is being given to the issuance of some additional shares of common stock through an offering to stockholders. Stockholders April 13 voted to approve a 4-for-1 split of the company's stock and the issuance of an additional 1,580,000 new shares, part of which are expected to be offered as aforesaid, but no definite financing plans have been formulated. **Underwriters**—Expected to include Kuhn, Loeb & Co.; Lehman Brothers; and Clark, Dodge & Co.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Our Reporter's Report

The stiffening tone noted in the seasoned bond market through the past week, particularly in the long-term Treasury list, drew confirmation over the week-end with the cleaning up of two of the largest of recent new corporate offerings.

As a matter of fact, both these offerings not only were taken down in their entirety, but what is more impressive they both moved to substantial premiums over the offering prices.

Detroit Edison Co.'s $60,000,000 of new 3¼s brought out at 100 moved up to a range of 100¾ bid and 100⅞ offered, while Ohio Edison's $30,000,000 of new bonds carrying the same rate and brought out also at par, touched a high of 101.

Demand came from widely scattered sources, but with only one large New York institution, acting for pension funds, showing up on the buying side. Canadian investment interests were reported as substantial buyers.

Meanwhile, the so-called "Big-Five" continued conspicuous by their absence, presumably still being able to acquire direct deals and place sufficient funds in new mortgages to keep down the pressure of mounting investable resources.

The general situation was helped, of course, by the veritable dearth of new material in sight. This week only a single corporate issue of side, Virginia Electric & Power's $25,000,000 of bonds were before investors for their consideration.

Secondary Deal Largest

The largest undertaking in the hands of investment bankers for the week ahead takes the form of a sizable secondary offering of Warner-Lambert Pharmaceutical Co. stock.

Bankers will offer a block of 325,000 shares of the firm's $1 par value common, not for the company, but for the account of selling stockholders. Preliminary inquiry, it is said, indicates broad interest.

With the stock selling currently in the open market around 33½-34, the indicated overall value of this transaction foots up to around $11,000,000.

Several other smaller negotiated deals are on tap, and, barring any unforeseen developments probably will come through on schedule.

It will not be until the following week that the market will encounter anything in the way of substantial new issues, and even here the size is comparatively small.

On June 21 Oklahoma Gas & Electric Co. is tentatively scheduled to open bids for $15,000,000 of 30-year first mortgage bonds to provide funds for repayment of bank loans and for new construction.

The same day, Southern New England Telephone Co., will look over bids for $20,000,000 of 34-year debentures to raise funds to repay advances by American Telephone & Telegraph Co. parent firm. Keen competition is indicated in both cases.

Long Hiatus Ahead

Unless potential borrowers, who currently are inclined to sit back and wait for better conditions marketwise, change their views in the meanwhile, it appears that investors will have to wait several weeks before getting a crack at anything substantial in new offerings.

Scheduled for the week of June 27 are the $16,000,000 debentures of Consolidated Cigar Co., by the negotiated route. This will be preceded by an offering of 776,066 shares of Pioneer Natural Gas Co. stock, also negotiated.

The second week in July is tentatively scheduled to bring up for bids $30,000,000 of bonds of Illinois Bell Telephone Co., also to repay advances by the parent firm, as in the case of Southern New England Telephone.

Halsey, Stuart Offers Public Utility Bonds

Halsey, Stuart & Co. Inc. offered yesterday (June 8) $4,000,000 of Central Illinois Electric & Gas Co. first mortgage bonds, 3⅜% series due June 1, 1985, at 101.421% and accrued interest, to yield approximately 3.30%. Award of the issue was won by the underwriters at competitive sale on June 7 on a bid of 100.89%.

Net proceeds from the sale of the bonds will be used to provide a portion of the funds required for the present and contemplated construction program of the company and to provide for the payment of temporary bank loans incurred in connection with the construction program. As of May 25, 1955, these bank loans amounted to $1,100,000.

The new bonds will be redeemable at regular redemption prices ranging from 104⅞% to par, and at special redemption prices running from 101½% to par, plus accrued interest in each case.

Central Illinois Electric & Gas Co. is an operating public utility furnishing one or more of four utility services (electric, gas steam heating and water) to areas aggregating approximately 1,815 square miles, located wholly in the State of Illinois and having an estimated population of 228,000. The principal cities supplied with one or more utility services are Rockford, Freeport and Lincoln.

For the year 1954, the company had total operating revenues of $15,900,712 and net earnings of $2,144,792.

F. L. Salomon Partner

On June 2nd James M. Gallagher acquired a membership in the New York Stock Exchange and was admitted to partnership in F. L. Salomon & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

With Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Curt M. Volgel has become connected with Barrett Herrick & Co., Inc., 418 Locust Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Fiscal observers say that the best thing to do with the question of tax relief legislation in 1956 is to put it up high on the closet shelf and forget about it until well into 1956, then take a look-see at the political climate a few months before the national conventions.

President Eisenhower in his latest White House pronouncement appeared to think more of budget - balancing than of tax relief. His written messages earlier this year pointed definitely in the direction of tax relief legislation in 1956 regardless of budgetary considerations.

For politics far more than fiscal considerations will govern the attitude of both Congress and the Administration, come 1956, the year of decision.

It may well turn out that in 1956, with the Republican Administration asking for a fresh mandate, that the Eisenhower Administration may well feel politically vulnerable on the subject of four years of unbalanced budgets. If so, it might be considered the best politics to pitch the woo to the voters along the ancient and almost forgotten fiscal moorings.

On the other hand, the Democrats are going, come 1956, to start beating the drums for big globs of tax relief. It could well turn out that the Administration would panic and fall hard off the budget-balancing wagon, if indeed there is any certainty that it is on said wagon.

Meanwhile, there are a couple of things clear about the situation ahead for fiscal 1956.

One is that George Humphrey's expressed hopes for a further reduction in expenditures is a most forlorn hope upon which to pin a chance for tax relief. Military spending is expected to hold steady at not not less than $34 billion, and may rise—always barring peace suddenly breaking out, of course. And civilian spending is creeping up constantly under existing broad welfare programs, and would be doing so even if Eisenhower hadn't adopted some brand new welfare schemes of his own.

The other is that it will take a great deal more than the present prospect of a new high in business volume and national income to BOTH cause the prospective 1956 deficit of $2.4 billion to disappear and turn into a surplus big enough to permit any such substantial tax relief as would be necessary in an election year.

Faces Immediate Problems

Immediately, the Treasury faces some difficult problems. Despite the existence of an effective corporation tax rate of about 57% (with the speed-up of payments counted in) the Treasury during the June to December period will fall short by from $9 to $10 billion of meeting its cash outpayment needs, due to the seasonal character of the corporation tax collections.

This money will have to be borrowed, even if most of it can be paid back from January to June, when revenues are seasonally high. The first problem the Treasury faces is to cajole that rock of sound finance, Senator Harry F. Byrd, into clearing another temporary rise beyond $275 billion in the legal debt limit.

Without that, the Treasury would be embarrassed if it tried to borrow.

Even with a debt limit rise, things will be tough enough.

Business is booming. Business is borrowing more from now until fall. Business also is having to borrow to meet the added 5% quarterly additional tax burden under the corporation tax payment speed-up. Lenders are under pressure. The Federal Reserve appears to be of a mind to put enough additional cash into the monetary supply to take care of the reasonable seasonal rise in bank credit plus a certain factor for growth — but not to make money plentiful.

Thus the Treasury, practically speaking, will find long-term money foreclosed to it under these circumstances.

Will Eschew Quotas

Highly placed sources have predicted that President Eisenhower will NOT use the powers of the Senate version of the Reciprocal Trade Act extension (if this clears the conference) gave him to establish quotas upon such imports as threaten seriously domestic industry. Such an impression arose out of President Eisenhower's letter to Chairman Harry F. Byrd (D., Va.) of the Senate Finance committee.

It is said that oil importations will be held down to something like 14% of domestic use, but this will not come about as a result of official action concurred in by the Administration. It will be a voluntary restriction to avoid arousing the all-domestic producers and to avoid the Eisenhower Administration having to face up to quotas.

An explanation has been offered as to why the Senate was so comparatively moderate toward Eisenhower's trade program, despite the strong reports the Senate would put in restrictive amendments.

Conservative Democrats hesitate to depart from their ancient moorings in favor of liberal trade policies. On the other hand, they are disturbed at the fact that under foreign aid much foreign industrial competition has been outfitted with modern machinery, making the lower wages abroad a real factor. They are disturbed by the State Department steady point of view that concessions must be made liberally to foreign exporters "in order to fight communism."

As a consequence, old-line Democrats gave Mr. Eisenhower pretty much what he wanted on Reciprocal Trade, but aim to withhold approval both of GATT, and the companion project, Office of Trade Cooperation.

Controls Prospect Receding

While it is not necessarily final, close observers are now saying that the chances are against the Eisenhower Administration seeking aggressively to get standby controls enacted as part of the Defense Production Act.

For one thing, Congressional sentiment appeared to be strongly against this project. For another, no prominent takers could be found for the sinuous strategy that some of the bright Administration boys had cooked up. This was to have some Senator introduce the bill, then publicly endorse it in answering a planted White House press conference question. The idea of this was to avoid making a public request for standby controls, in view of the fact that the Administration had taken credit for ending controls.

SBA Is Costly

How costly the business is of nursing small business borrowers of the Small Business Administration, has been testified to in public recently.

In its first 20 months of operation, the Small Business Administration, known as "the Republican Reconstruction Finance Corporation," disbursed $38,666,000 of loans. During the same period its administrative costs were $8 million.

Rep. Wright Patman (D., Tex.) of the House Banking Committee, brought out that the ratio of administrative expenses to the total of **authorized loans** (much greater than disbursements) was 6.5%.

SBA officials get most indignant when that percentage is flung at them. They point out that they give "financial counseling" to applicants for small business loans, having "financially counseled" in some 5,500 cases.

Furthermore, SBA conducts an "educational program." Under the latter the SBA has issued such profound advice as to tell small business that sharpened tools are more efficient than dull tools, and that it is a good idea to keep cost accounting books. Finally, SBA goes to great expense in trying to get government contracts for small business—all of which they insist are not strictly loan expense.

Critics of SBA, on the other hand, contend that the SBA begs the question. What SBA is doing, they insist, is subsidizing small business with free legal, accounting, credit, and contracting advice, and that if this were openly given through a service agency such as the Department of Commerce, there would be little need for a lending agency.

Add Loan Benefits

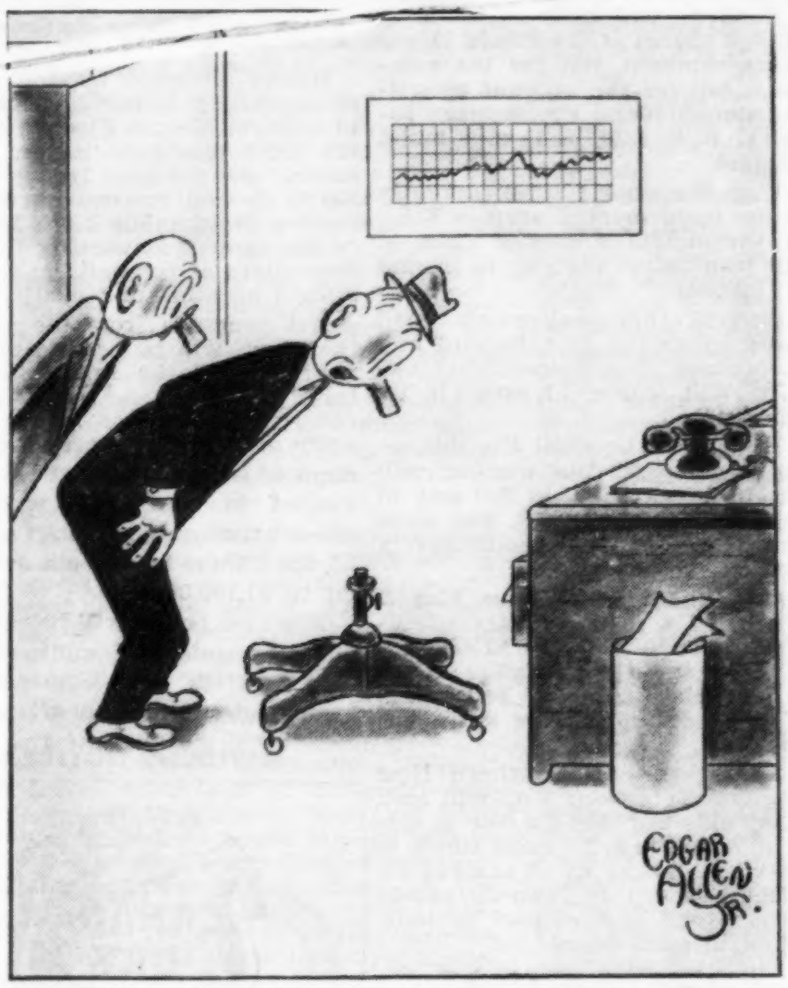
To the manifold farm and other credit aids, the Eisenhower Administration has come up with a new one. This is to provide loans to "part time and low income farmers" through the Farmers Home Administration.

This is an outgrowth of President Eisenhower's program of several weeks ago, enunciated in a message to Congress, to do something for the poor part-time and low income farmers who are so bad off they do not make the grade at banks, the Farm Credit Administration, or even the most liberal lending terms of the Farmers Home Administration.

The Secretary of Agriculture would be given broad authority to make such part-time and low income farmers loans on "such terms as he may direct," not to exceed $10,000 per loan.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Sometimes I get the idea they're trying to gradually ease me out of this firm!"

Business Man's Bookshelf

Aids To Corporate Support of Higher Education: Methods of Helping the Colleges and Universities — Council for Financial Aid to Education, Inc., 6 East 45th Street, New York 17, N. Y. (paper), single copies on request; quantities of 10 or more at reprint cost of 10 cents per copy postpaid.

Consumer Instalment Loans — W. David Robbins—Bureau of Business Research, College of Commerce and Administration, Ohio State University, Columbus 10, Ohio (cloth), $3.50.

Current Economic Comment—Bureau of Economic and Business Research, College of Commerce, University of Illinois, Urbana, Ill. (paper), on request.

How to Invest Your Money — Ralph C. Epstein—Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $3.50.

New York Laws Affecting Business Corporations Revised to May 2, 1955 — United States Corporation Company, 160 Broadway, New York 38, N. Y. (paper), $2.50.

Regulations Relating to Foreign Funds Control in the United States: Supplement 12 — Bank for International Settlements, Basle, Switzerland (paper).

N. Y. Fin. Analysts Elect New Officers

Nathan Bowen, associated with Goldman, Sachs & Co., has been elected President of The New York Society of Security Analysts, Inc., for the year starting June 1, 1955. Formerly Vice-President, he succeeds William R. White, of Hornblower & Weeks.

Other officers elected for the new year were W. Sturgis Macomber, Reynolds & Co., Vice-President; Nicholas E. Crane, Dean Witter & Co., Secretary; and Lawrence R. Kahn, A. G. Becker & Co., Inc., Treasurer.

Elected to the Executive Committee for two-year terms to expire June 1, 1957 were Donald Randell, Natural Resource Funds; Longley G. Walker, Stone & Webster Securities Corp.; Edward S. Wilson, Hallgarten & Company; Stephen L. Joseph, Bache & Company; and Gerald L. Wilstead, Hallgarten & Company. Gerson D. Lublin, Hentz & Co., was elected for a one-year term to expire June 1, 1956.